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**IMPROVING ACCESS
TO AFFORDABLE UNIVERSITY EDUCATION
IN SASKATCHEWAN**

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**Prepared for the Student Unions
at the University of Saskatchewan, University of Regina**

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Highlights

Improving Access to Affordable University Education in Saskatchewan

“...do we want higher education to promote excellence in a way that focuses resources on the few; do we want it to be universal and offer everyone the opportunity to participate; or can we have both excellence and inclusion?” (Corak, Lipps & Zhao, 2003, p. 1)

In this report, a review of the challenges facing Saskatchewan in improving access to affordable university education is provided. The challenges are many, and they are critical for the future social and economic prosperity of the province.

The research reported here is summarized in eight key findings. These, and some of the particular findings documented throughout the report are highlighted in the following. Recommendations are offered for policy and decision-makers as they address these important issues.

1. University tuition and fees have increased beyond what is reasonable and affordable for the majority of students and their families in the province.

- Saskatchewan undergraduate students will pay an average of \$5,526 this year for tuition and fees. Students here now pay the third highest average tuition and fees in Canada; only students in Ontario and Nova Scotia pay higher tuition fees.
- Tuition and fees at Saskatchewan’s three universities have risen more sharply than in most other provinces, by 46% over the last four years, 217% since 1990-91.
- Provincial operating funding to the universities has increased at an average rate of less than 4% in each of the past five years. Tuition and fees have increased at an average of 11.5% annually over the past four years.
- Saskatchewan students now pay significantly higher tuition fees than do students at public universities in the United States.

2. The costs of living away from home to attend university are a significant barrier to access for a larger number of students and their families in Saskatchewan than in any other province, particularly lower-income families.

- One-half of Saskatchewan university students live further than commuting distance away from either the University of Saskatchewan or the University of Regina. In no other province do half of the students have no choice but to live away from home to attend university.
- Far fewer high school graduates from rural Saskatchewan attend university. Most can not afford the costs. Capable rural students from lower-income families are effectively denied access to a university education.
- Student loans and other financial assistance do not cover the necessary costs for students who must leave home to attend university. A student living away from home will need at least \$3,000 per year more than the maximum student loan of \$9,350.

- 3. The financial assistance presently available is not adequate to provide for equality in the opportunity to attend university for many capable Saskatchewan people who desire a university education.**
- Student financial aid (loans, grants/bursaries, scholarships) has increased by about 1% annually since 1999-00; tuition and fees have increased by 11.5% each year.
 - Almost one-half of young Canadians from low-income families never take any post-secondary education. Twice as many young people from high-income families attend university than from low-income families.
 - Students from low-income families are seven times less likely to enroll in Canadian Medical Schools than students from high-income families.
 - Far too few First Nations and Métis people are graduating with university degrees for Saskatchewan to fully participate in the “new knowledge economy” of today and tomorrow.
- 4. Too many Saskatchewan students are graduating from university with too much debt. Increasing the maximum allowable loan for students will only serve to increase debt for lower-income students.**
- Sixty-three percent of Saskatchewan students graduate from university with a debt load. More students here graduate with debt than in most other provinces.
 - These students are graduating with a median debt of about \$20,000. Debt loads here are greater than in most other provinces.
 - Eighteen per cent of Saskatchewan university graduates have student loan debt in excess of \$25,000, compared to 13.4% at the national level.
 - Debt is greatest for students who must live away from home, married students, single parent students, and mature students who are studying full-time.
 - On average, Saskatchewan university graduates repay 20.6% of their student debt within two years of graduation, compared to the national average of 26.7%.
- 5. Increased grants and bursaries that are based on the financial needs of students are required in order to ensure equitable access to a university education in the province.**
- Research shows that increased funding for non-repayable grants/bursaries based on financial need, not more student loans, is the primary way to improve equitable access to university for lower-income and Aboriginal people.
- 6. Saskatchewan is the only province where university enrollment is declining, and the province has experienced the lowest increase in the proportion of 18- to 21 year-olds who are going to university.**
- University enrollment in Saskatchewan decreased by 2% between 1999-00 and 2003-04 (Canadian Millennium Scholarship Foundation, November 8, 2004). The corresponding national figure was a 20% increase. Saskatchewan was the only province where enrollment fell during the same period. In Manitoba, our closest neighbor in terms of demographic features, university enrollment increased by 29% between 1999 and 2003. Tuition there has been frozen since 2000. This year, Manitoba students will pay \$1,720 less than students in Saskatchewan.

- The 2002-03 university participation rate among 18- to 21-year-olds in Saskatchewan was 20.5%, and the corresponding Canadian rate was 19.7%. The provincial participation rate has increased by 0.6 percentage points in between 1990-91 and 2003-03, as compared to an increase of 3.2 percentage points in Canada. This increase was the lowest in Canada.
- 7. More students graduating from Saskatchewan's universities are leaving the province than in most other provinces.**
- Among the graduating cohort of 2000, there was a net out-flow of university graduates equal to 20% of the graduating class, the second highest in the country after Nova Scotia.
- 8. The costs and benefits of public and private investments in university education should be considered and debated by government, universities, and by Saskatchewan people. The Province of Saskatchewan and the Government of Canada must be clearer and more transparent in deciding how much public money to invest in university education.**
- University education imparts substantial monetary benefits for graduates and for society as a whole. Canadian university graduates can expect to earn at least 10% greater income over their lives than their counterparts with high school diplomas. More university graduates result in higher tax revenues and higher productivity for the province.
 - University education also yields significant social benefits for society and for graduates. Lower crime rates, higher social and political participation, greater social cohesion, and increased capacity to adapt to new technologies are some of the benefits to society as a whole. University graduates enjoy better health and higher job satisfaction throughout their lives.

The greatest concern is lack of access to university for rural students, lower-income students and families, and First Nations and Métis people.

Consider, for example, what it must be like for a poor, 18 year old, Métis female in North Battleford, told by her high school teachers that she should enroll at the U of S, then told that the costs will be about \$13,000 a year, and that she will have to borrow at least \$40,000 to complete a degree program. High costs, big loans and huge debt are very real barriers for her.

If she decides to enroll at the U of S, she should know that more than one-half of its Aboriginal students drop-out or fail in their first or second year.

In most provinces, governments have taken action to address the escalating costs of a university education. Some provinces have legislated tuition policies. In recent years, tuition fees have been frozen in BC, Manitoba, Ontario, Quebec, and Newfoundland and Labrador; tuition fee rebates are provided up front to students in Manitoba and Newfoundland and Labrador. Tuition fee increases are capped at two percentage points above the rise in inflation in Alberta, and at two per cent in arts and science colleges in Ontario. Some provinces require that universities devote at least one-third of any increase in tuition fees to student grants and scholarships.

In 1999-2000, the Minister of Post-Secondary Education and Skills Training and the Minister of Education held public consultations across the province on improving financial access to post-secondary education in Saskatchewan (Saskatchewan Department of Learning, 2000). "Making post-secondary education more accessible is in all our interests," said then Minister Melenchuk. "Ensuring a bright future

for our young people through education and training is key to our province's future as we enter the next century."

In the 1999 election, the New Democratic Party had campaigned on a promise of fully subsidizing first year tuition fees at post-secondary institutions in the province; the Liberal party promised an annual rebate of \$1,000 to each post-secondary student. After public consultations, the government decided instead to introduce a tax credit of \$350, increased to \$500 this year, for graduates who remain in or move to Saskatchewan.

Has this tax credit improved access to university and other post-secondary education? There is nothing to suggest that it has. Would the promise of a \$500 tax credit after she graduates make a difference for the 18 year old Métis girl from North Battleford?

The findings present a strong case for the need for immediate action by government and universities. The following recommendations are offered.

Tuition and fees at the two universities should be immediately frozen for a two year period of time.

A full public review of university funding and student financial assistance should be undertaken by government during this two year period, similar to reviews currently underway in Ontario and Newfoundland and Labrador. Reducing tuition and fees should be considered, with compensatory operating funds provided to the universities. At the least, a cap on tuition and fees is required, similar to tuition policy in Alberta where annual tuition and fee increases are capped at the increase in inflation plus two per cent.

The public review must reconsider the entire program of student financial assistance, particularly the need for significantly increased funding for grants and bursaries, based on need, and with the goal of increasing equitable access to a more affordable university education for lower-income students and First Nations and Métis students.

The public review must ensure that Saskatchewan people are informed about and take part in debating how much students should pay and how much government should subsidize university education.

Chapter 1

Rising Tuition Fees at Saskatchewan's Universities

Saskatchewan students now pay the third highest tuition and fees in Canada

Saskatchewan undergraduate students will pay an average of \$5,526 this year for tuition and fees. Saskatchewan students now pay the third highest tuition and fees in Canada, 15.6 % higher than the average tuition and fees across the country (\$4780). Average tuition and additional compulsory fees across Canada are shown in Table 1.

University tuition and fees in Saskatchewan are quite similar to those in Ontario, BC and Alberta. Only in Nova Scotia do students pay significantly higher fees (\$6472). Fees in three provinces are significantly lower than in the rest of Canada: Quebec (\$2,417), Newfoundland and Labrador (\$3,056), and Manitoba (\$3,806). Tuition and other fees have been capped for some years in these three jurisdictions; up front rebates for a portion of tuition fees are paid to students in Manitoba and Newfoundland and Labrador.

In 1990-91, Saskatchewan students paid an average of \$1545 in undergraduate tuition fees. Since then, average undergraduate tuition fees have increased by 217%, an increase that is significantly greater than the average increase in tuition fees across the country (185%). Only in Alberta have tuition fees increased more (273%) than in Saskatchewan. Increases in tuition fees across the provinces since 1990/91 are shown in Figure 1.

Average tuition fees in Canada continue to rise faster than inflation. Between 1990/91 and 2002/03, tuition fees increased at an average annual rate of 8.1%, four times the average rate of inflation of 1.9% as measured by the Consumer Price Index (Statistics Canada).

Tuition and fees in Saskatchewan have risen very sharply over the last four years. Since 1999-2000, average undergraduate tuition and fees have increased by 46%, from \$3,784 in 1999-00 to \$5,526 this year, an annual rate of increase of 11.5%. Only in British Columbia, where the province lifted a six-year tuition fee freeze in 2002/03, have tuition fee increases been greater than in Saskatchewan since 1999-2000. Average undergraduate fees have been declining in Manitoba (a decrease of 9.4%) and Newfoundland and Labrador (a decrease of 22.7%).

Tuition fees in Saskatchewan are now significantly higher than in the United States

It is commonly believed that the cost of a university education in the United States is far greater than it is here. In fact, Saskatchewan students now pay significantly higher tuition and fees than do most students in the U.S.

The average tuition and other fees at public four-year universities in the United States this year are shown in Table 2. The average tuition and additional compulsory fees at Saskatchewan's three universities, \$5,526, are higher than tuition and fees in three of the six regions in the U.S. this year, and lower than in the other three regions. Saskatchewan is comparable in some respects to Midwest and West states in the U.S., though perhaps less so on some economic indicators.

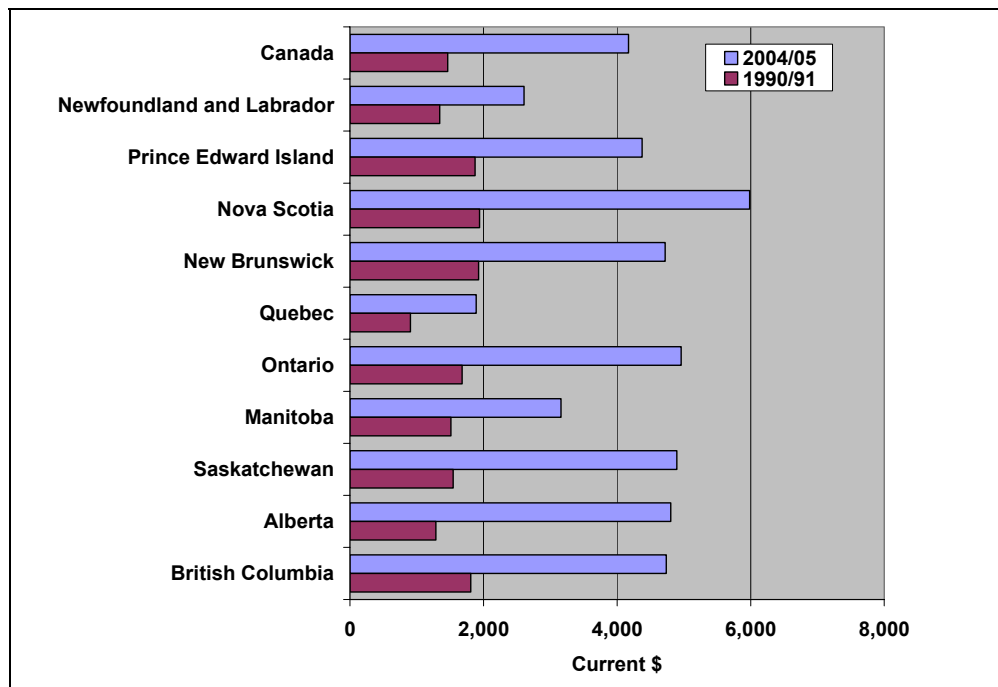
Table 1. Average university undergraduate tuition and fees in Canada

	Tuition Fees			Additional Compulsory Fees			Total Fees		
	1990/91	1999/00	2004/05	1990/91	1999/00	2004/05	1990/91	1999/00	2004/05
Canada	1,464	3,328	4,172		431	608		3,759	4,780
British Columbia	1,808	2,568	4,735		231	748		2,799	5,483
Alberta	1,286	3,723	4,804		426	512		4,149	5,316
Saskatchewan	1,545	3,367	4,894		417	632		3,784	5,526
Manitoba	1,512	3,488	3,160		408	646		3,896	3,806
Ontario	1,680	4,084	4,960		568	686		4,652	5,646
Quebec	904	1,813	1,890		352	527		2,165	2,417
New Brunswick	1,925	3,350	4,719		185	310		3,535	5,029
Nova Scotia	1,941	4,262	5,984		295	488		4,557	6,472
Prince Edward Island	1,874	3,499	4,374		393	519		3,892	4,893
Newfoundland & Labrador	1,344	3,373	2,606		358	450		3,731	3,056

Note: Average tuition and additional fees are weighted by the number of students enrolled by institution and field of study using the most current enrollment data available. All fees are reported in current dollars (2004).

Source: Statistics Canada (Sept. 2, 2004), *The Daily*, University tuition fees.

Figure 1. Increase in tuition fees in Canada, 1990/91 – 2004-05



Source: Statistics Canada (Sept. 2, 2004), *The Daily*, University tuition fees.

However, the majority of U.S. students do not pay the published tuition and fee charges. The College Board (2004) reports that 60 per cent of full-time undergraduates at public universities received grant aid in 2003-04 from government and/or their universities, grants that are awarded at the start of a university year and are non-repayable. In addition, federal education tax credits or tuition and fee deductions in the U.S. are far more generous than in Canada.

After accounting for the average combined grant aid and education tax benefits per enrolled student, net tuition and fees at public four-year institutions averaged about US \$1,300 in 2003-04, that is, about \$1,560 in Canadian dollars (College Board, 2004). The average actual tuition fees paid by students at U.S. public universities in 2003-04 were about \$200 less than a decade earlier, adjusted for inflation (College Board, 2004).

The actual cost of university tuition and fees is significantly higher today for Saskatchewan students than it is for students in public universities in the U.S.

Table 2 . Average tuition/fees at public universities in the U.S.

Region	Average tuition/fees 2004-05	
	US Currency	C Currency
New England	\$6,839	\$8,207
Middle States	\$6,300	\$7,560
Midwest	\$6,085	\$7,302
Southwest	\$4,569	\$5,483
South	\$4,143	\$4,972
West	\$4,130	\$4,956

Source: College Board (October 19, 2004). *Trends in College Pricing 2004*.

Higher tuition fees in Medicine, Dentistry, Law and other professional programs

Tuition fees at the U of S in Medicine, Dentistry, Veterinary Medicine, Pharmacy, and Law are significantly higher than in other colleges. In recent years, tuition fees in these professional programs have been rising at a significantly higher rate than tuition fees in other colleges. Tuition and fees in each of the various colleges/faculties at U of S and U of R are shown in Table 3.

Tuition fees in Dentistry at the U of S are the highest in Canada. Between 1990/91 and 2004/05, tuition fees for dentistry has increased at an annual average rate of 14.7%, compared with 13.4% for medicine and 11.3% for law (see Appendix, Figure 1 for increases in professional programs in Canada).

Tuition fees for graduate and international students are also rising

Students in Canadian graduate programs have faced increases similar to the undergraduate level, with an average tuition fee across the country of \$5,475 this year. Tuition/fees for graduate students in the province this year is \$5,553 at the U of S; at the U of R graduate tuition/fees appear to be significantly less, about \$3,000.

Table 3. Saskatchewan tuition and fees in each of the colleges, 2004-05

College	University of Saskatchewan	University of Regina
Administration/Commerce	5,801	4,902
Agriculture	4,649	-
Arts	4,541	4,626
Dentistry	32,000	-
Education	4,685	4,764
Engineering	5,641	4,902
Fine Arts	-	4,902
Journalism	-	4,902
Kinesiology & Health Studies	4,649	4,902
Law	6,965	-
Medicine	11,161	-
Nursing	4,904	-
Nutrition	5,123	-
Physical Therapy	4,778	-
Pharmacy	6,795	-
Science	4,634	4,902
Social Work	-	4,764
Veterinary Medicine	6,678	-

Sources: Office of Resource Planning, Comprehensive Budget Plan for 2004-2005, University of Regina; Government Relations, 2004/05 Tuition Fee Chart, University of Saskatchewan.

Graduate students in Ontario will pay the highest tuition fees in the country (\$8,389), followed by those in Nova Scotia (\$7,345) (Statistics Canada, Sept. 2, 2004, *The Daily*). Tuition fees remain the lowest in Quebec at \$1,927, where they have been frozen for Quebec residents for the eighth consecutive year.

International students at Canadian universities pay much higher tuition fees. At the undergraduate level, average tuition fees for international students are \$11,903 this year (Statistics Canada, Sept. 2, 2004, *The Daily*). Graduate tuition fees for international students are \$11,307 on average in the country. Foreign undergraduate students pay on average just under three times the price that Canadian students pay.

In Saskatchewan, at the U of S, tuition fees for international students are comparable to the average fees across Canada, where arts & science students paid \$11,195 for tuition/fees in 2003-04. International students at the U of R pay significantly less--\$8,678 for arts & science tuition/fees in 2003-04.

Manitoba has the lowest fees for international students at the undergraduate level, \$6,399. British Columbia has the highest fees; arts and science students paid \$16,477 for tuition fees in 2003-04 at the University of British Columbia.

Are high tuition fees responsible for decreasing enrollments at Saskatchewan's universities?

University enrollment in Saskatchewan decreased by 2% between 1999-00 and 2003-04 (Canadian Millennium Scholarship Foundation, November 8, 2004).¹ The corresponding national figure was a 20% increase. Saskatchewan was the only province where enrollment fell during the same period.

Differences in demographic trends in the most populous provinces are responsible for much of the 20% increase in university enrollment in Canada. However, in Manitoba, our closest neighbor in terms of demographic features, university enrollment increased by 29% between 1999 and 2003. Tuition there has been frozen since 2000. This year, Manitoba students will pay \$1,720 less than students in Saskatchewan.

Why has university enrollment decreased only in Saskatchewan? Escalating tuition costs must be considered as one of the reasons.

Why have tuition fees risen so much? Is provincial funding to universities adequate?

A major concern at all Canadian universities today is the inadequacy of funding from provincial governments.

Total provincial funding to universities includes three major kinds of funding: 1) grants for the operation of a university's educational programs (e.g., faculty and staff salaries/benefits, operational supplies and expenses, equipment, utilities); 2) funds for capital building and improvements; 3) funds for research.

The decline in total provincial government funding for post-secondary education across the country is shown in Figure 2. Total provincial government funding decreased by over 11% in Canada between 1992 and 2002 (as measured by funding per FTE student enrollment in constant 2002 dollars). However, total provincial funding in Saskatchewan, Manitoba and Quebec increased, with a 12% increase in Saskatchewan being the largest increase in Canada.

The decline in total provincial government funding for post-secondary education has been, in part, a response to the federal budget of 1995 in which transfers to the provinces for health, post-secondary education and social programs were reduced significantly. The federal cash transfer for higher education and social programs has fallen by almost a third in real terms since 1995 (Rae, 2004).

Provincial funding to universities has historically been relatively low in Saskatchewan

A decade ago, the province was spending significantly less on post-secondary education than most other provinces, as shown in Table 4. Provincial spending on post-secondary education as a share of total provincial expenditures has been increasing in Saskatchewan, from 5.1% in 1992-93 to 6.5% in 2002-03. As shown in Table 4, in most other provinces spending on post-secondary education as a share of total provincial expenditures has been decreasing; in Canada, the share for post-secondary has decreased from 6.3% in 1992-93 to 5.7% in 2002-03.

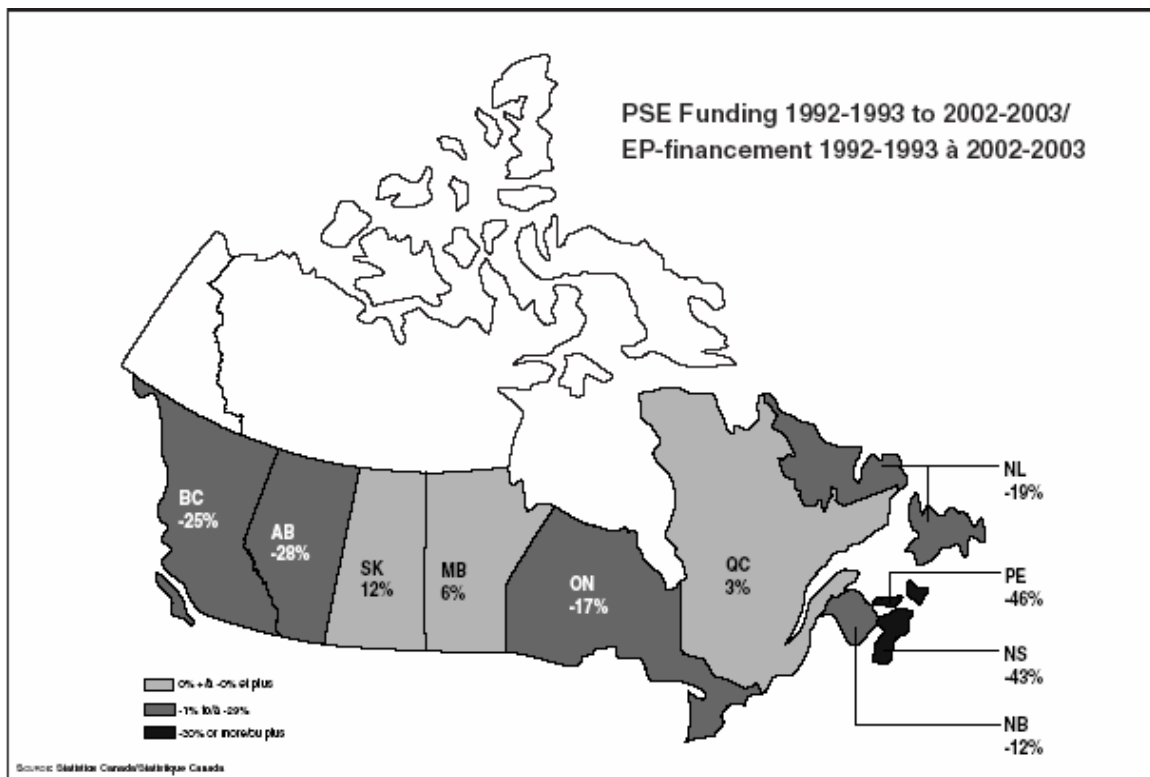
¹ Enrollment numbers are based on a head count of all full-time and part-time, undergraduate and graduate students at the universities and federated colleges in the province.

Operating Funding is Inadequate

While total provincial funding to universities has increased more over the past decade in Saskatchewan than in any other province, increases in grants for operating funds, which comprise the largest portion of total provincial funding, have not been as great as other funding. The universities assert that tuition fees have necessarily risen to make up for inadequate provincial operating funding. The President of the U of S puts it simply: “As our provincial funding goes down, tuition fees must go up.”

At the U of S and the U of R, the provincial operating grants increased by 16.9% between 1999-00 and 2003-04, from \$214.3 million in 1999-2000 to \$250.5 million in 2003-04, an average annual increase of 4.2%. The increase this year was significantly less, about 2%. Increases in operating grants have fallen considerably short of the annual budget requests from the universities. As a result, faculty numbers have decreased, student to faculty ratios in classrooms have increased, and programs have been rationalized and prioritized, some programs have been downsized and a few have been terminated.

Figure 2. Percent change in total provincial government funding for post-secondary Education (PSE), 1992-93 to 2002-03 (per Full Time Equivalent (FTE) student enrollment \$2002)



Source: Reproduced from: Canadian Association of University Teachers Almanac of Post-Secondary Education in Canada, 2004.

Table 4. Provincial expenditures on post-secondary education as a share of total provincial expenditures in Canada and Saskatchewan

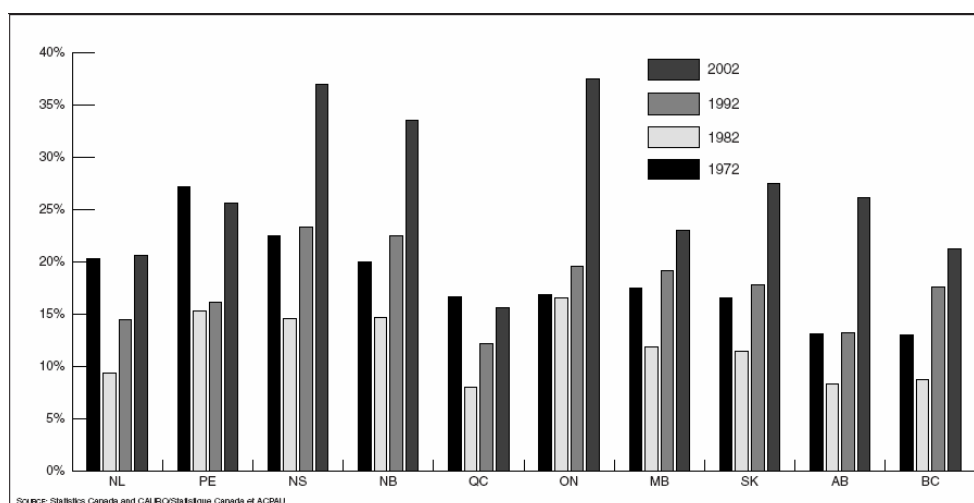
	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC	Overall
1992-1993	6.4%	5.1%	7.5%	5.6%	7.0%	5.8%	4.4%	5.1%	6.4%	5.9%	6.3%
2002-2003	5.0%	4.7%	5.5%	6.1%	6.2%	5.4%	6.7%	6.5%	5.2%	5.5%	5.7%

Source: Reproduced from: Canadian Association of University Teachers Almanac of Post-Secondary Education in Canada, 2004.

Tuition fees are paying for a greater portion of university education

Twenty years ago, revenue from tuition fees accounted for less than 15% of operating expenditures; today, tuition fees account for about one-third of what many universities spend to provide their educational programs. The increase in tuition fees as a share of university operating revenues in Canadian provinces is shown in Figure 3.

Figure 3. Tuition fees as a percentage of university operating revenue in Canada



Source: Reproduced from: Canadian Association of University Teachers Almanac of Post-Secondary Education in Canada, 2004.

The universities stress that tuition fees now account for a greater share of operating expenses because of the decrease in provincial funding. In Saskatchewan, however, it is at least as accurate to say that the province's share of funding a university education has decreased because tuition fees have increased sharply.

In Saskatchewan, tuition fees have increased by 217% since 1990-91, an average annual increase of 15.5%. Provincial operating funding has increased by less than 4% annually in recent years. Thus, tuition fees' increasing share of operating revenues at Saskatchewan universities is due primarily to the sharp increases in tuition fees, particularly over the past five years.

Funding for research and capital

Though operating grants have not been adequate, Saskatchewan's universities have benefited from substantial increases in funding for research and capital projects in recent years.

Between 1999-00 and 2003-04, the U of S received an average increase in research revenues of 30% each year, amounting to a total of \$115.8 million in 2003, according to the annual U of S financial statements. The majority of research funding comes from the federal government and it has been increasing very significantly. Though the province's share of research funding is smaller, it has kept pace with the rate of increased funding provided by federal government programs.

Revenue for capital projects at the U of S has increased at an average rate of 60% in each of the years from 1999-00 to 2003-04, amounting to a total of \$45.8 million in 2003-04, according to the annual U of S financial statements. The majority of this funding comes from the province, though the construction of the CLS synchrotron at the U of S has resulted in large increases in federal contributions.

Thus, while total provincial funding for universities has increased over the past decade more in Saskatchewan than in other provinces, a significant portion of the increase in the past five years has been for research and capital expenses, and not for the operation of educational programs at the universities.

What About the Students?

Overall, public expenditures on Saskatchewan's universities have risen significantly in recent years. The Government of Canada and the Province of Saskatchewan increased their combined spending on the U of S at an average rate of 11.4% in each year between 1999-2000 and 2003-04, amounting to \$324.3 million in 2003. Much of this increased public spending has been for research and capital expenses, as these are the clear priorities of the universities and the federal and provincial governments.

Provincial operating funding to the universities has not increased at the same rate. Increases have averaged less than 4% in the past five years. As a consequence, tuition and fees have increased at an average of 11.5% annually over the past five years.

What has not increased is student financial aid. As will be shown in Chapter 3, total student financial aid has been increasing at about 1% annually over the past five years.

Chapter 2

High Costs of Living for Rural Saskatchewan Students

The cost of a university education includes more than tuition and fees. Books and other necessary materials must be purchased. Students must, of course, pay for the costs of living while attending university, including shelter, food and transportation. For students living away from home these are the most significant costs of a university education.

Saskatchewan is the most rural province in Canada

What makes Saskatchewan unique in the country is the high proportion of students who live outside of Regina and Saskatoon and must bear the additional costs of living away from home to attend university. In Saskatchewan, 52% of the population lives further than 80km from a university. In comparison, only 19% of all Canadians live further than 80km from a university (Appendix, Table 1).

Enrollment at the University of Saskatchewan and the University of Regina is in fact equally divided between students whose home is within 80km of university (49.75%) and students who live further than 80km (50.25%). As shown in Appendix, Table 2, more students at the University of Saskatchewan (55.2%) live further than 80km away from university than students at the University of Regina (44.8%).

While there are a number of universities in Canada that will have as many or more students whose homes are further than 80km away (e.g., Queens, McGill, St. Francis Xavier, Acadia), the large majority of such students at other universities will have made the choice to live away from home and are able to afford the costs.

In no other province do half of the students have no choice but to live away from home to attend university.

The costs to rural students of living away from home to attend university

The average living costs reported by post-secondary students for eight months across the provinces are shown in Table 5. The reported costs of living in Saskatchewan are relatively high for single dependent students living at home, and single parent students. Reported costs of living are comparatively low in Saskatchewan for single dependent students living away from home, single independent students living at home, and single independent students living away from home.

Half of Saskatchewan university students must pay significant costs to live away from home. In 2001-02 (Table 5), the costs of living amounted to a reported average of \$7,129 for single independent students, \$12,221 for married students, and \$12,528 for single parent students.

The costs of living away from home are, in part, responsible for the lower university participation rates in rural Saskatchewan compared to urban Saskatchewan. As shown in Appendix, Tables 3 and 4, while the proportion of Saskatchewan high school students (Grades 11 and 12 surveyed in 1999) who planned to attend a post-secondary institution was the same in rural and urban Saskatchewan, the proportion of urban high school students who planned to attend a university (70%) was significantly greater than rural students planning to attend a university (54%).

Table 5. Living costs for eight months reported by post-secondary students in Canada, 2001-02

	Canadian Student Loan Category					
	SDH	SDA	SIH	SIA	M	SP
British Columbia	5853	8923	4939	8487	13805	12686
Alberta	4638	8998	4851	10729	11692	8742
Saskatchewan	5334	5793	3240	7129	12221	12528
Manitoba	3013	5498	5693	7463	11510	-
Ontario	4706	7188	6260	14127	14870	11498
Quebec	3759	6501	-	7942	8622	10009
New Brunswick	4078	6796	5446	7008	13178	-
Nova Scotia/PEI	2968	4800	6220	10220	10612	9668
Newfoundland & Labrador	3427	5720	4548	8200	15544	7444

Source: Reproduced from: Hemingway, F. (2004). *Pressure Points in Student Financial Assistance: Exploring the Making Ends Meet Database*. Canadian Millennium Scholarship Foundation.

Note: Canadian Student Loan (CSL) categories:
 SDH – single dependent student at home
 SDA – single dependent student away from home
 SIH – single independent student at home
 SIA – single independent student away from home
 M – married student
 SP – single parent student

The nine regional colleges located throughout the province do offer some 1st and 2nd year university courses and thus attempt to meet the needs of rural students seeking a university education. Enrollments are quite small, however; only 10% of the rural high school students surveyed in 1999 planned to attend a regional college compared to 54% who planned to attend a university.

Lower-income and female rural students do not have equal access to university

Research has found that financial costs are the primary reason why fewer rural students enroll in university (Frenette, 2002). In particular, low-income students who live beyond commuting distance from a university are very unlikely to attend university, much less likely than their low-income counterparts who live within a commute. This is almost certainly due to the higher costs associated with leaving home to attend university. Many capable rural students in lower-income families can not afford these costs.

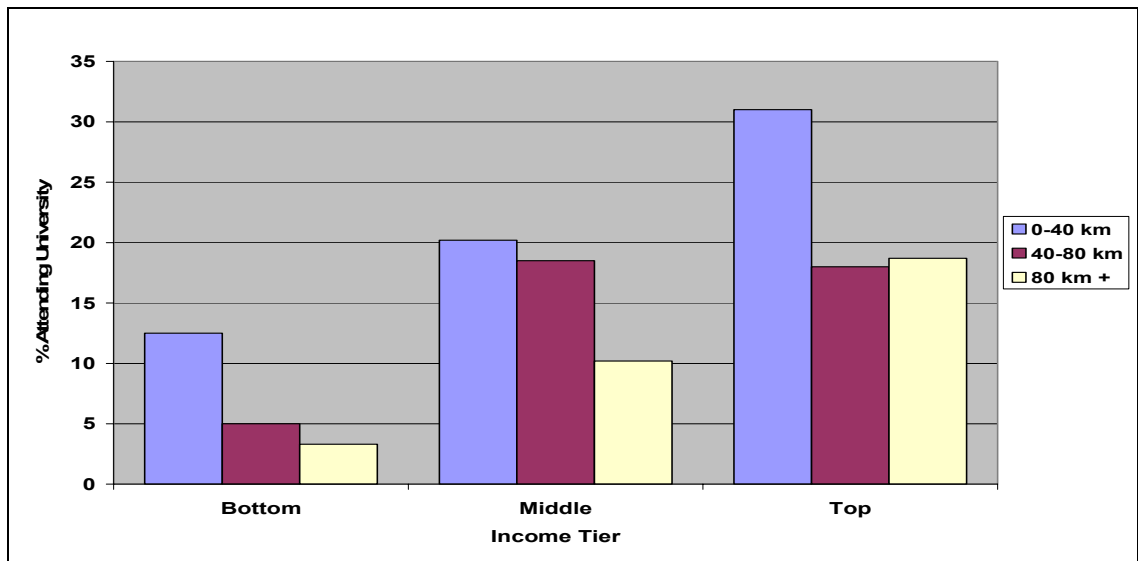
The detrimental impact on low-income families who live beyond a commute from a university is shown in Figure 4. Within 40 km from a university, students from upper income families are 1.9 times more likely to attend than are students from lower-income families. Beyond 80 km, however, the ratio rises to 5.6, that is, while 18% of upper income students who live beyond 80km from a university do attend a university, only 3% of low-income students attend university if their home is further than 80km away from university.

When they live beyond commuting distance to university, students from lower-income families are far more likely to attend a technical institute instead (SIAST in the province, with campuses in Moose Jaw, Prince Albert, Regina and Saskatoon) (Frenette, 2002). Among students from the poorest one-third of families, 13% attended university when one was nearby, and 19% attended a technical institute. When no university was within commuting distance, but a technical institute was, only 3% attended university, and 30% attended a technical institute.

Living beyond commuting distance from a university also has a negative impact on females. Females have increased their presence in Canadian universities in recent years and now significantly outnumber males by about 56% to 44%. However, females living out-of-commuting distance are no more likely to attend university than males; females living within a commute are more likely to attend university than males (Frenette, 2002).

The negative impact of distance on university participation is greatest for two groups of would-be students: those from lower-income families and females.

Figure 4. Canadian university participation by income and distance to school



Source: Reproduced from: Frenette, M. (June 19, 2002). *Too Far To Go On? Distance to School and University Participation*. Statistics Canada.

Chapter 3

Inadequate Student Financial Assistance

Student Financial Assistance in Saskatchewan

Financial aid from governments and universities to assist students in paying for the costs of their university education comes in many forms. It is a complicated system, but may be divided into repayable (student loans) and non-repayable (grants, scholarships, debt reduction bursaries) kinds of financial assistance.

Student loans

The large portion of student financial assistance comes from repayable student loans. Since 2000-01, the Governments of Canada and Saskatchewan provide financial assistance to eligible full-time post-secondary students in the form of the Canada-Saskatchewan Integrated Student Loans. The amount of assistance provided is based on financial need according to criteria set out by the programs. The federal government contributes 60% of the assessed need of a student, up to a maximum of \$165 per week of study, and the province provides the remaining 40% up to a maximum of \$110 per week of study.

The numbers and amounts of loans authorized for Saskatchewan post-secondary students in recent years are shown in Table 6. The figures in Table 6 include university students, as well as students at SIAST, Regional Colleges, private schools, and students studying out-of-province. The number of students receiving loans has remained very nearly the same. The total amount of authorized loans has increased slightly, by 3.8%, over the last four years. This increase is shown in Figure 6 (p. 20), in which debt reduction benefits are also tracked.

Table 6. Canada-Saskatchewan loans to post-secondary students, 1999-2003

Canada Student Loans			Saskatchewan Student Loans		
Fiscal Year	Number of Loans	Amount Authorized*	Fiscal Year	Number of Loans	Amount Authorized*
2003-2004	16,474	\$71,861,183	2003-2004	16,449	\$59,731,633
2002-2003	15,702	\$68,830,806	2002-2003	15,663	\$56,586,020
2001-2002	16,366	\$72,101,006	2001-2002	16,271	\$59,258,709
2000-2001	16,664	\$72,754,100	2000-2001	16,566	\$59,780,831
1999-2000	16,384	\$69,681,009	1999-2000	16,246	\$57,102,028

Note: Authorized Loans are loans that are approved for sources starting within the fiscal year indicated, whether or not the monies were paid out in that fiscal year.

Source: Reproduced from: Saskatchewan Department of Learning (2004), *Student Financial Assistance, 2003-04 Annual Report*.

How do Saskatchewan student loans compare to loan programs in other provinces? The most recent data comparing student loans across jurisdictions are from 2001-02 (Appendix, Tables 5 & 6). About the same portion of post-secondary students in Saskatchewan applied for government student loans compared to the average portion in Canada (44%); of those that applied, 80% received loans in Saskatchewan and in Canada overall. There are important differences across the country however. Fewer students applied for

loans in Manitoba and BC, while significantly more students in the four Atlantic provinces applied for loans (over 60%) and significantly more received loans (over 90%).

Debt reduction bursaries and grants

In addition to student loans, government provides bursaries and grants to assist students in reducing the debt accumulated from their student loans. Debt reduction benefits include the Saskatchewan Student Bursary, Canada Study Grants, Saskatchewan Study Grants and the Canada Millennium Scholarship Foundation Bursary. These benefits are not repayable.

The Canada Millennium Scholarship Foundation Bursary provides between \$2,000 and \$4,000 annually, with a lifetime maximum of \$20,000. The Bursary is available to students in second and higher years of post-secondary studies, excluding graduate studies. In 2003-04, there were 2,998 students who were awarded Millennium bursaries totaling \$9,298,500. Note that these figures, and those that follow, are for all post-secondary students; data for just university students is not available.

The Saskatchewan Student Bursary is available to all students with loan assistance exceeding \$200 per week of study for the first 170 weeks of post-secondary study. In 2003-04, there were 9,575 bursaries awarded totaling \$14,100,176. In most cases, students will receive either the Saskatchewan Student Bursary or the Canada Millennium Scholarship Foundation Bursary.

The Canada and Saskatchewan Study Grants are available to students with dependent children, with loan assistance exceeding \$275 per week of study. In 2003-04, there were 3,446 students who received \$4,018,728 in Canada Study Grants and 2,165 students who received \$3,815,698 in Saskatchewan Study Grants. In addition, \$2.9 million was approved for remission of student debt in 2003-04 for about 1200 students in significant need. There are five additional small study grants available for students, the major one being for students with permanent disabilities. The total amount awarded in 2003-04 was \$1.5 million.

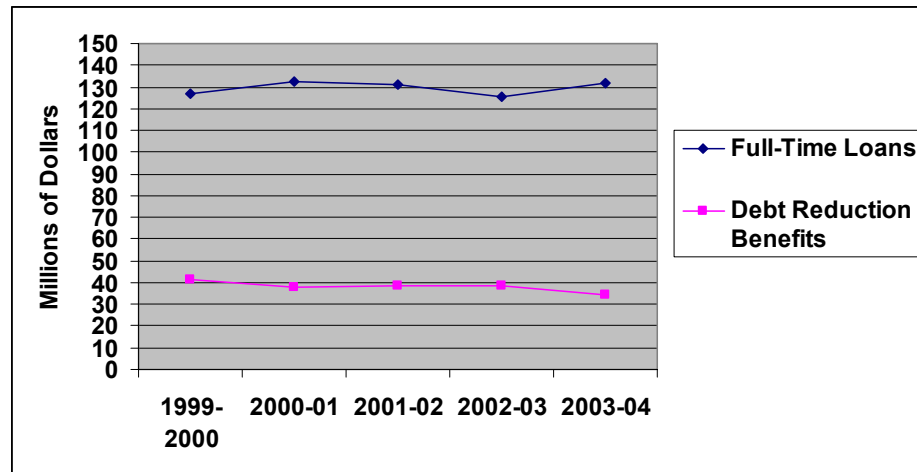
The total amount of debt reduction benefit provided to all post-secondary students has decreased over the past four years by 17.6%, from \$41.39 million in 1999-00 to \$34.12 in 2003-04. This decrease is shown in Figure 5 (p. 20), in which student loan amounts are also tracked.

In summary, while the amount of debt reduction benefit has been decreasing, the amount of student loans authorized has been increasing. The net effect for students, then, has been higher student loans and less debt reduction relief over the last four years. The net amount of loan debt owed by post-secondary students has risen from \$85.39 million in 1999-00 to \$97.47 million in 2003-04, an increase of 14.2%, as is shown in Figure 6.

University scholarships

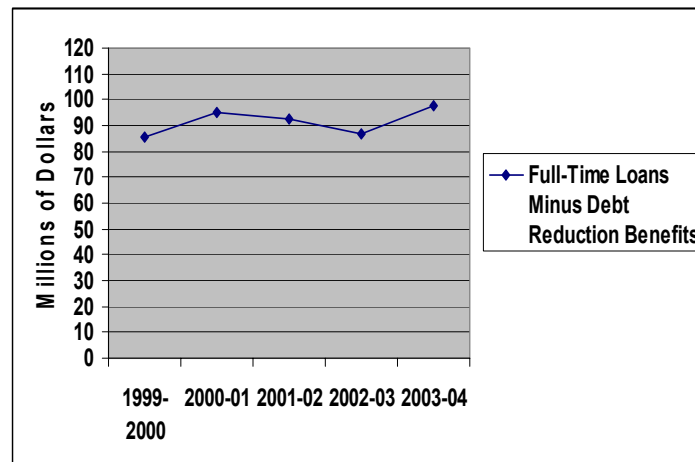
Other non-repayable assistance includes scholarships, bursaries and prizes awarded by universities to students, typically based on academic merit and awarded to a small number of top students. The amount of scholarships/bursaries/prizes awarded at the two universities has increased by 75% over the past five years, from \$13.56 million in 1999-00 to \$23.74 million in 2003-04, as shown in Figure 7.

Figure 5. Loans and debt reduction benefits for Saskatchewan post-secondary students, 1999-2003



Source: Data from Saskatchewan Department of Learning (2004), *Student Financial Assistance, 2003-04 Annual Report*.

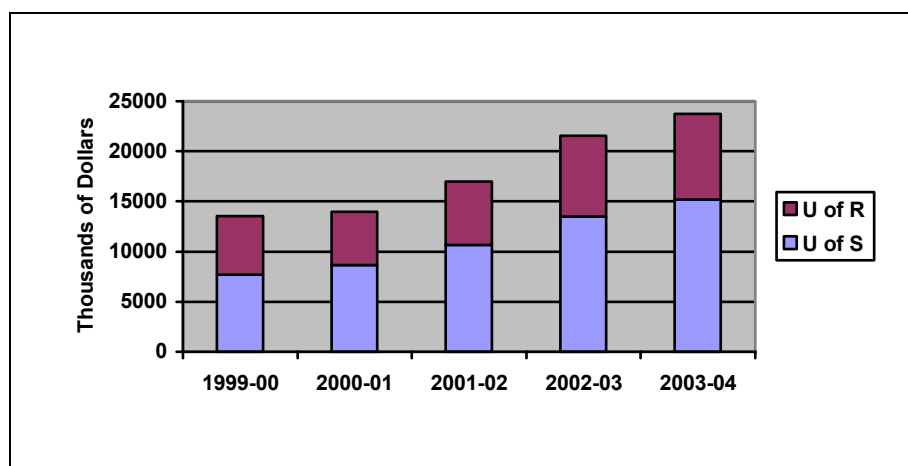
Figure 6. Net loan debt for Saskatchewan post-secondary students, 1999-2003



Source: Data from Saskatchewan Department of Learning (2004), *Student Financial Assistance, 2003-04 Annual Report*.

According to the 2003 McLean's rankings of universities, the University of Saskatchewan devoted 4.9% of its operating budget to scholarships, placing it 14th out of 15 medical doctoral universities. Clearly, there continues to be much room for improvement at the U of S. The University of Regina devoted 7.7% to scholarships and placed 4th among 11 comprehensive universities.

Figure 7. Scholarships, Bursaries and Prizes at the Universities, 1999-2003



Sources: Figures taken from the annual financial statements of the U of S and the U of R

Tax benefits

Some non-repayable student assistance comes in the form of tuition fee and education federal tax credits (up to a maximum of \$5,000), a tax credit on interest paid on student loans, and Registered Education Savings Plans tax incentives.

In addition, Saskatchewan introduced the Post-Secondary Graduate Tax Credit Program in January 2000. After rejecting a proposed elimination of tuition fees for first year post-secondary students and following rather extensive public consultations, the government decided that a tax credit following graduation was the best way to address the rising costs of post-secondary education. The tax credit program is a benefit for post-secondary graduates who stay in Saskatchewan to work and for graduates who move to the province to work. Effective January 1, 2004, the GTC was increased from \$350 to \$500 for graduates of eligible post-secondary programs. This one-time tax credit will continue to increase each year to \$1,000 by 2007.

A major concern with “back-door” measures such as tax credits is that they do little to improve access for those who are economically disadvantaged. Research in the U.S. has found that education tax-credits are of most benefit to those who already have the resources to attend post-secondary institutions; tax credits have not achieved the often intended goal of increasing accessibility.

Whether tax credits here will achieve the other intended goal of increasing the participation of graduates in the labour force in the province remains to be seen, and is doubtful in the view of many.

Student Financial Assistance is Not Adequate

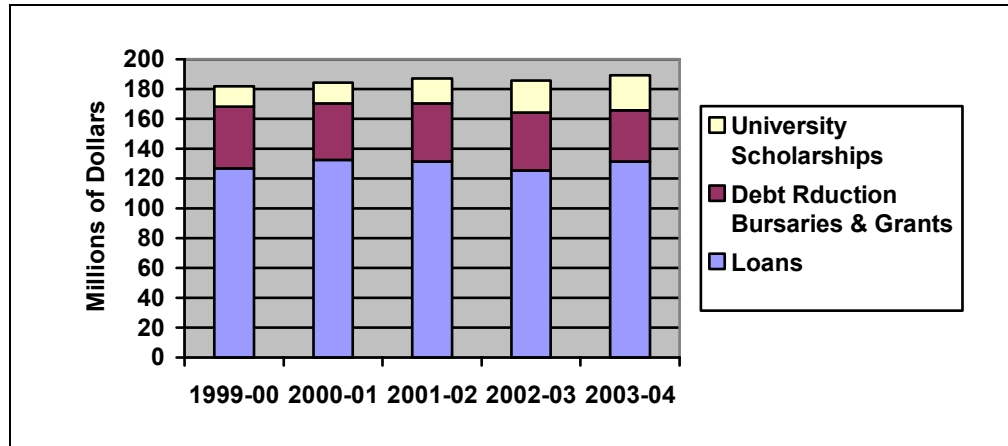
Student financial assistance has not increased to meet rising tuition costs

The total amount of student financial assistance over the last five years from the three major sources – government loans, government bursaries/grants, university scholarships/bursaries/prizes—is shown in Figure 8.

Student loans from government account for 70% of student financial assistance; loans are repayable, while government bursaries/grants and university scholarships/bursaries/prizes are non-repayable. Since

1999-00, government loans have increased slightly (3.8%), government bursaries/grants have declined (21.7%), and university scholarships/bursaries/prizes have increased significantly (75%). Overall three sources, financial assistance to students since 1999-00 has increased marginally by 4.2% (from \$181.7 million in 1999-00 to \$189.4 million in 2003-04).

Figure 8. Total government and university financial aid to students, 1999-2003



Source: Data taken from Figures 4 & 6.

Student financial assistance, then, has been increasing at a rate of about 1% per year since 1999-2000. University tuition and fees have been increasing at a rate of 11.5% per year since 1999-2000. Clearly, student financial assistance has not been increasing to meet the sharply rising costs of university tuition and fees.

Student financial assistance does not meet the total costs of university

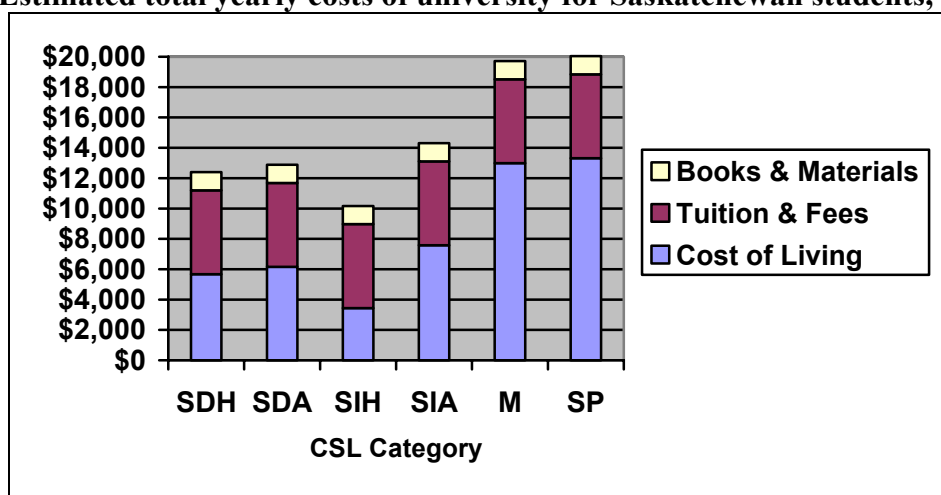
The total yearly costs of university for students, including tuition/fees, books, and costs of living, are estimated in Figure 9.

The student loan program in Saskatchewan allows for a maximum recognized need of \$275 per week or \$9,350 for a 34-week period of study (a higher maximum is recognized for students with dependent children). This maximum was established in 1997 and has not been increased since that time. Some provinces have set a higher maximum level of loan assistance.

Does the maximum loan assistance of \$9350 meet the total yearly costs for Saskatchewan's university students? The answer appears to be "no" given that estimated total costs range from about \$10,000 to \$20,000 (Figure 9).

This question has also been addressed in recent research by the Canadian Millennium Scholarship Foundation (Hemingway, 2004). The excess of student expenditures over the loan assistance limit across provinces is shown in Table 7 for students who live away from home. Assistance limits in Saskatchewan are among the lowest in Canada along with those in BC and Ontario. An independent student living away from home spent about \$3,000 more than the maximum loan limit of \$9350.

Figure 9. Estimated total yearly costs of university for Saskatchewan students, 2004-05



Sources: Cost of Living—from Table 4, adjusted for increases in the Consumer Price Index 2001-2004; Tuition—from Table 1, \$5526; Books & materials—from University of Toronto Student-Administration Joint Working Group on OSAP Reform (2003), \$1200

Note: Canadian Student Loan (CSL) categories:

- SDH – single dependent student at home
- SDA – single dependent student away from home
- SIH – single independent student at home
- SIA – single independent student away from home
- M – married student
- SP – single parent student

Table 7. Excess of university student expenditures over loan assistance limits in Canada

Province	Assistance Limits		Total Expenditures		Excess of Expenditures Over Assistance Limits	
	SDA	SIA	SDA	SIA	SDA	SIA
British Columbia	8840	8840	13963	13527	5123	4687
Alberta	12700	12700	14038	15769	1338	3069
Saskatchewan	9350	9350	10833	12169	1483	2819
Manitoba	10710	10710	10538	12503	-	1793
Ontario	9350	9350	12228	19167	2878	9817
Quebec	16619	16619	11541	12982	0	0
New Brunswick	11050	11050	11836	12048	786	998
Nova Scotia/PEI	10710	10710	9840	15260	-	4550
Newfoundland & Labrador	10744	10744	10760	13240	16	2496

Source: Hemingway, F. (2004). *Pressure Points in Student Financial Assistance: Exploring the Making Ends Meet Database*, Canadian Millennium Scholarship Foundation.

Because the costs of living away from home are comparatively lower in Saskatoon and Regina than in many other Canadian cities, the relatively low maximum loan limit here does not leave students in as much need as in some other provinces. However, it must be kept in mind that in no other province do half of the students have no choice but to leave home to attend university because they live beyond commuting distance.

A number of recent studies on the effectiveness of student aid programs have concluded that loan assistance limits are now a major concern. The present loan assistance limits have clearly not kept pace with rising costs. The students most affected by inadequate levels of loan assistance are rural students who must move away from home, and mature students with dependents. Hemingway (2003), after reviewing the research, recommends:

“If the prime objective of the program is to ensure post-secondary access for those single individuals who are qualified to attend, then consideration might be given to establishing a revised policy basis for assistance limits, and indexing them each year to recognize increases in costs faced by such students. Such a policy basis for limits might be an amount that equals the expenses incurred by an away-from-home single student in an undergraduate arts program, less expected savings. This would result in an assistance limit in the area of \$12,000.”

There are a number of other inadequacies with our dated student financial aid program. In his discussion paper on post-secondary funding in Ontario, Bob Rae (October, 2004) concludes that “The system of student assistance is too complicated and provides too little support to lower and middle-income students. Student aid is badly broken.”

One additional inadequacy that warrants mention is the unrealistic levels of parental contributions expected. The current program assumes that parents will contribute more for their child’s university education than they actually do or can.

Table 8. Expected and actual parental contributions for post-secondary students in Canada and Saskatchewan

Province	Income Range \$,000												
	\$0-55		\$56-65		\$66-75		\$76-85		\$86-95		\$95 +		
	Exp. PC	Actual \$AV	Exp. PC	Actual \$AV	Exp. PC	Actual \$AV	Exp. PC	Actual \$AV	Exp. PC	Actual \$AV	Exp. PC	Actual \$AV	
BC	0	2345	0		578		3536			6970		11697	3890
AB	133	3318	1088		4250		7684			11118		15892	2391
SK	136	1718	1088		4250		7684			10880		15547	3086
MB	136	5363	1088		4250		7684			11118		15613	2897
ON	0	2090	0	2954	2312		5746	1852	8942			13616	4205
NB	748		2074		5236		8670		12276			16768	
NS/PEI	578		1870		5236		8670		12135			16655	
NFLD	0		884		3774		7208		10404			15063	

Notes: Quebec is not included as it does not use CSL contribution formulas. Nova Scotia rates are used for NS/PEI. \$95+ income columns- calculated expected Parental Contribution at \$100,000 income level. In-kind room & board allowance (equal to the CSL at home food allowance +\$30/month) added to cash contributions to equal total contributions.

Source: Reproduced from: EKOS Research Associates Ltd (2003) *Making Ends Meet: The 2001-2002 Student Financial Survey*, Canadian Millennium Scholarship Foundation.

The amount parents are expected to contribute and what they actually do contribute is shown in Table 8. Unfortunately, because there is so little research on actual parental contributions, much of this data is absent in Table 8. The data that is available show that low- and middle-income parents are in fact contributing considerably more than they are expected to contribute to their child's post-secondary education, while high-income parents appear to be contributing far less than expected.

The requirement to contribute primarily impacts middle class parents. Costs should be easily met for those from high-income families, provided they have done some advanced planning; the actual contributions for high-income families reported in Table 10 most likely underestimate contributions. For the lowest-income families, most costs are met under student aid programs, though most costs are met through student loans and ultimately result in large debt loads for low-income families.

Middle-income families, however, are expected to contribute more than they are able to and at the same time are denied access to loan amounts that are needed.

To address this inadequacy, Hemingway (2003) recommends:

“Consideration could be given to reducing parental contributions to more realistic levels, converting contributions to annual amounts, and providing parents with unsubsidized parental loan options that would allow them to meet contribution expectations from future income”.

How do students pay for university?

While government loans and bursaries are one way in which students finance their university education, they are not by any means the only way, nor do government loans account for the majority of the money spent by students to pay for university. About one-half of university students in Saskatchewan receive assistance from their parents/families/spouses. Many students must borrow from financial institutions to cover costs. Many students work during summer months and/or while in university and pay for their education from employment earnings.

The various ways in which students here finance their university education are shown in Tables 9 and 10. Table 9 shows the percentage of students who make use of various sources of funding; Table 10 shows the median amount of financing from each source for those students who make use of the source.

The figures in Tables 9 and 10 are from the Canadian Undergraduate Survey Consortium (June 20, 2003, Graduating Students Survey: 2003).² Figures are for students in their last year of university and about to graduate.

²The major limitation of this study is that not all universities in Canada participated. A total of twenty six universities participated. In the Tables to follow we present comparison data for universities which are similar to U of S (eight other large universities in six other provinces that have undergraduate, graduate and professional school programs) and similar to the U of R (six other medium-size universities in three other provinces that have undergraduate and graduate programs, but no professional schools).

Saskatchewan students finance their educations somewhat differently than students at comparable other universities across the country:

- government loans or bursaries are used by more Saskatchewan students, and the amount borrowed is greater;
- assistance from parents/families/spouses is used by fewer Saskatchewan students;
- loans from financial institutions are used by more Saskatchewan students;
- university scholarships and bursaries are used by fewer Saskatchewan students;
- earnings from summer employment are used by more U of S students, and the earnings are greater;
- earnings from co-op work programs are used by more U of R students, and the earnings are greater; far fewer students at the U of S have co-op or work study programs available to them.

Table 9. How Saskatchewan students pay for university: Proportion using various financial sources

	U of S N=435 students	Comparable Large Canadian Universities N=4626 students	U of R N=515 students	Comparable Medium- size Canadian Universities N=3273 students	Sask. Average
Parent/family/spouse	47%	51%	47%	48%	47%
Earnings from summer work	53%	40%	32%	36%	44.6%
Academic scholarship Q26	25%	30%	33%	37%	28.2%
Earnings from current employment	28%	34%	30%	35%	28.8%
Personal savings	28%	33%	29%	33%	28.4%
Government loan or bursary	37%	31%	30%	29%	34.2%
University bursary	10%	14%	12%	18%	10.8%
Loan from a financial institution	17%	10%	17%	12%	17%
Co-op program/work term	<1%	5%	10%	6%	4.6%
Investment income (bonds, dividends, interest, etc.)	4%	3%	4%	3%	4%
Work-study program	-	1%	<1%	4%	-
RESP	2%	2%	1%	1%	1.6%
Other source(s)	3%	3%	5%	5%	3.8%

Note:
Respondents

could provide more than one answer. Columns may not sum to 100%.

Saskatchewan Average = (.6)(U of S) + (.4)(U of R), which reflects proportional student enrollment at U of S and U of R.

Source: Canadian Undergraduate Survey Consortium (June 20, 2003). *Graduating Students Survey: 2003*.

Table 10. How Saskatchewan students pay for university: Median amounts from various financial sources

	U of S N=435 students	Comparable Large Canadian Universities N=4626 students	U of R N=515 students	Comparable Medium- size Canadian Universities N=3273 students	Sask. Average
All respondents					
Overall median	\$10,000	\$8,000	\$8,150	\$8,000	\$9,260
Median among those with these sources					
Government loan or bursary	\$8,000	\$6,000	\$7,000	\$7,000	\$7,600
Co-op program/work term	\$2,000	\$4,250	\$4,000	\$5,000	\$2,800
Loan from financial institution	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Parents/family/spouse	\$4,000	\$3,000	\$3,550	\$4,000	\$3,820
Earnings from summer work	\$4,000	\$3,000	\$4,000	\$3,000	\$4,000
RESP	\$2,200	\$2,400	\$3,000	\$3,000	\$2,520
Earnings from current employment	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Personal savings	\$2,300	\$2,000	\$2,000	\$2,000	\$2,180
Investment income (bonds, dividends, etc.)	\$1,000	\$1,000	\$2,000	\$1,500	\$1,400
Work-study program	-	\$2,000	\$2,250	\$1,500	-
University bursary	\$1,600	\$1,396	\$2,000	\$1,200	\$1,760
Multiple other	\$2,000	\$2,500	\$3,000	\$2,500	\$2,400

Note: Saskatchewan Average = (.6)(U of S) + (.4)(U of R), which reflects proportional student enrollment at U of S and U of R.

Source: Canadian Undergraduate Survey Consortium (June 20, 2003). *Graduating Students Survey: 2003*.

Chapter 4

Rising Student Debt

Students at Saskatchewan's universities are graduating today with debt loads that are among the highest in Canada. Sixty-three percent of Saskatchewan students graduate with some debt--more students than the average in Canada (57%). The average debt for those who graduate with debt is \$21,549—a greater debt load than the average in Canada (\$20,074).

The most recent and best data on student debt for the purpose of comparing Saskatchewan with other jurisdictions comes from a survey of graduating students conducted by the Canadian Undergraduate Survey Consortium (June 20, 2003).³ Both the University of Saskatchewan and the University of Regina participated. Random samples of 1000 students from each university were mailed surveys; the response rate was 47.5% in Saskatchewan.

As shown in Table 11, 37% of Saskatchewan students graduate with no debt, 63% carry some debt load at graduation. At comparable other universities 43% of graduating students have no debt. Twenty seven percent of all students graduating from the U of S and U of R have debt loads over \$20,000; 14% have debt loads over \$30,000.

These figures are similar to those recently reported by the Canadian Millennium Scholarship Foundation (November 8, 2004): 18.1% of Saskatchewan university graduates have student loan debt in excess of \$25,000, compared to 13.4% at the national level.

Table 11. Proportion of Saskatchewan students graduating with debt

	U of S N=435 students	Comparable Large Canadian Universities N=4626 students	U of R N=515 students	Comparable Medium-size Canadian Universities N=3273 students	Sask. Average
No debt	36%	44%	38%	41%	36.8%
\$10,000 or less	17%	20%	15%	17%	16.2%
\$10,001 to \$20,000	16%	14%	18%	16%	16.8%
\$20,001 to \$30,000	14%	9%	13%	13%	13.6%
Over \$30,000	15%	9%	12%	11%	13.8%
Average	\$14,003	\$10,181	\$12,398	\$12,475	\$13,361
Median	\$9,500	\$3,000	\$8,000	\$5,000	\$8,900

Note: The 'don't know/no response' category is not shown here. Therefore, columns may not sum to 100%. Saskatchewan Average = (.6)(U of S) + (.4)(U of R), which reflects proportional student enrollment at U of S and U of R

Source: Canadian Undergraduate Survey Consortium (June 20, 2003). *Graduating Students Survey: 2003*.

³ See Footnote 2, p. 25.

Overall students, those with and those without debt, the median debt load carried by Saskatchewan students at graduation is very significantly greater than elsewhere. U of S students are graduating with a median debt of \$9,500, a debt that is 3.2 times greater than the average at comparable universities (\$3,000). U of R students are graduating with a median debt of \$8,000, a debt that is 1.6 times greater than the average at comparable universities (\$5,000).

There are many more Saskatchewan students who are graduating with debt, and the average debt is significantly higher here than at comparable universities in other provinces.

Table 12 shows the average debt load for those students who graduated with debt. For the 63% of Saskatchewan students who graduated with debt in 2003, their median total debt load was \$19,720. Total median debt for U of S students was \$5,000 greater than for students at comparable universities; for U of R students, total median debt was \$300 greater than for students at comparable universities.

Student loans from the federal and provincial governments account for about one-half of the debt of students. Loans from financial institutions are the second major source of debt for students, followed by loans from parents/family, and lastly debt from other sources (e.g., credit cards).

Table 12. Average debt for Saskatchewan students who graduate with some debt

	U of S N=264 students	Comparable Large Canadian Universities N=2449 students	U of R N=303 students	Comparable Medium-size Canadian Universities N=1836 students	Sask. Average
Average debt					
Total average debt	\$22,277	\$18,648	\$20,458	\$21,567	\$21,549
- Student loans	\$19,295	\$16,297	\$18,371	\$18,581	\$18,925
- Loans from financial institutions	\$11,682	\$10,485	\$11,267	\$10,071	\$11,516
- Loans from parents/family	\$10,209	\$9,111	\$8,984	\$14,763	\$9,719
- Debt from other sources	\$4,333	\$6,702	\$7,814	\$6,643	\$5,725
Median debt					
Total median debt	\$20,000	\$15,000	\$19,300	\$19,000	\$19,720
- Student loans	\$17,000	\$13,000	\$15,000	\$16,000	\$16,200
- Loans from financial institutions	\$10,000	\$7,750	\$10,000	\$8,000	\$10,000
- Loans from parents/family	\$6,000	\$5,000	\$6,000	\$6,000	\$6,000
- Debt from other sources	\$1,000	\$3,000	\$5,000	\$3,500	\$2,600

Note: The 'don't know/no response' category is not shown here. Therefore, columns may not sum to 100%. Saskatchewan Average = (.6)(U of S) + (.4)(U of R), which reflects student enrollment at U of S and U of R. Source: Canadian Undergraduate Survey Consortium (June 20, 2003). *Graduating Students Survey: 2003*.

These findings--that compared to the Canadian average more Saskatchewan students are graduating with debt and that their debt is greater—are generally supported by the only comparable other source that can be cited. Data from the most recent study on student debt from the Canadian Millennium Scholarship Fund is shown in Table 13.⁴

⁴These data differ in important ways from the Canadian Undergraduate Survey Consortium (2003) data presented in Tables 11 & 12: the survey sampled all Canadian post-secondary students (not just university students, but also students attending technical institutes and colleges); the survey sampled not just graduating students but students from all years in programs; data for Saskatchewan is not provided but is included with data for Manitoba in the Prairie region.

Table 13. Average debt for Canadian post-secondary students, 2001-02

	Previous Years		This Year (Minus Payments)		Overall (Minus Payments)	
	Percentage with Balance (%)	Avg. Balance (Borrowers Only) (\$)	Percentage with Balance (%)	Avg. Balance (Borrowers Only) (\$)	Percentage with Balance (%)	Avg. Balance (Borrowers Only) (\$)
All Students	55	11,400	62	5,600	74	12,300
Living Arrangements						
Parents	50	6,600	48	4,000	63	6,800
Spouse	74	19,300	72	6,100	87	18,300
Alone	67	17,000	80	8,100	86	20,900
Roommate	69	11,000	78	5,900	87	13,400
Region						
BC	51	10,200	65	5,000	72	10,400
Alberta	55	10,600	67	6,700	78	11,900
Prairies	50	10,200	64	6,500	76	12,900
Ontario	56	12,900	62	6,700	76	14,400
Quebec	53	10,300	58	4,100	70	10,300
Atlantic	62	12,200	71	5,600	83	12,600
Parental Support						
Yes	49	9,400	60	5,100	70	9,900
No	68	14,700	69	6,600	83	16,800
Government Assistance						
Yes	77	12,300	100	6,400	100	15,100
No	41	10,300	34	3,800	58	9,000
Typology						
At Home Working	51	8,900	60	4,600	71	9,100
Working Mature	72	10,900	57	3,600	93	11,100
Studying Mature	75	23,100	85	6,200	89	22,300
Traditional	52	9,800	62	6,100	72	12,000
Non-working						
Traditional	49	10,500	53	5,600	66	12,200
Working						

Source: Reproduced from: EKOS Research Associates Ltd. (2003). *Making Ends Meet: The 2001-2002 Student Financial Survey*. Canadian Millennium Scholarship Foundation

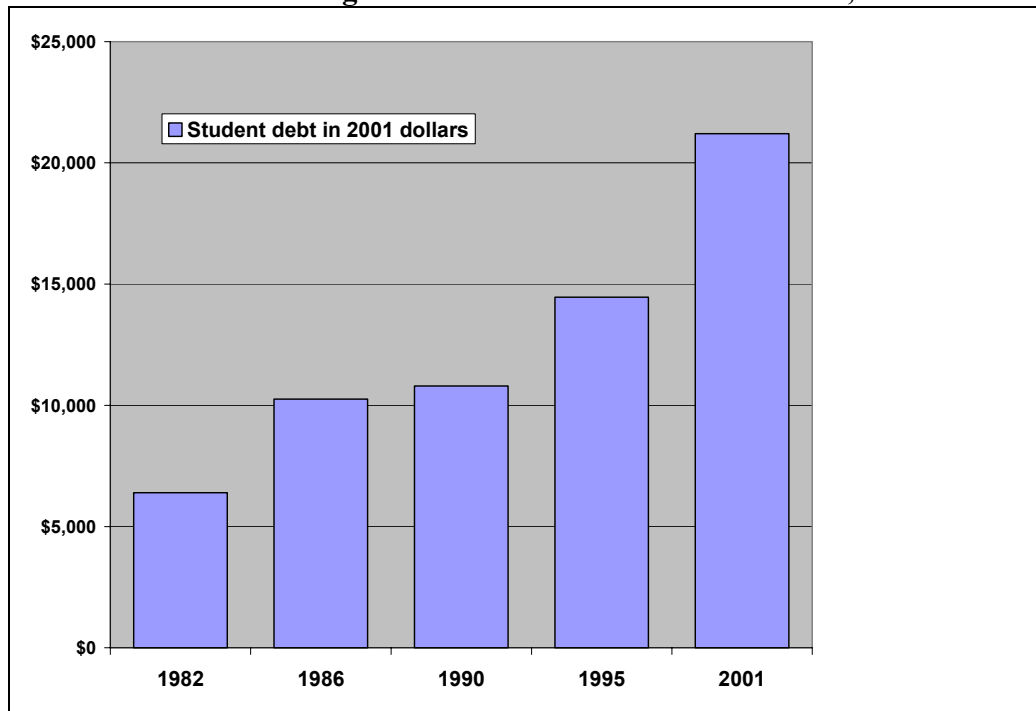
The average accumulated debt for post-secondary students in Saskatchewan and Manitoba in 2000-01, \$12,900, was second only to student debt in Ontario. Student debt was significantly less in B.C., Alberta and Quebec. Student debt in Atlantic Canada was similar to student debt in the Prairie region.

This research also identifies those post-secondary students in the country with the greatest debt load: students living away from their parents home, students without parental financial support, married students, single parent students, and mature students who are studying full-time.

Saskatchewan university graduates are not paying down their student loan debt as quickly and efficiently as are graduates in other provinces: on average, Saskatchewan university graduates repay 20.6% of their student debt within two years of graduation, compared to the national average of 26.7% (Canadian Millennium Scholarship Foundation, November 8, 2004).

Finally, by all accounts, student debt has significantly increased over recent years. In Canada, the average student debt for university graduates increased by 46.6% between 1995 and 2001, adjusted for the cost of living, as shown in Figure 10, and is now over \$20,000.

Figure 10. Increase in the average amount of student debt in Canada, 1982 to 2001



Source: Finnie (2001).

Chapter 5

Access to a University Education Remains Inequitable for Lower-income and Aboriginal Students

“...do we want higher education to promote excellence in a way that focuses resources on the few; do we want it to be universal and offer everyone the opportunity to participate; or can we have both excellence and inclusion?” (Corak et al, 2003, p. 1)

Access to an affordable university education is an increasingly critical concern, particularly for low- and middle-income families and for Aboriginal students. This is not surprising given the findings presented thus far: tuition and fees have risen more sharply here than in most other provinces; one-half of students in Saskatchewan must bear the costs of living away from home; more of our students must graduate with a debt load that is greater than in most other provinces; and student financial aid has not kept pace with the rising costs of tuition and living away from home.

In her recent report for CCPA-Saskatchewan, Andrea Rounce (2004) reviewed the research evidence on inequitable access to a university education in Canada. While there is, unfortunately, almost no research specifically on the challenges of access in Saskatchewan, it is likely that, because our Aboriginal population is more than three times larger than in eight of the nine other provinces, the challenges here are significantly greater than Canadian research reveals.

Students from low- and middle-income families do not have equitable access to university

“We are not always educating our best minds—rather, we are educating those who can afford to attend a post-secondary institution and either excluding those who cannot or forcing them into debt if they want to attend.” (Rounce, 2004)

Rounce’s (2004) conclusions on access for students from low- and middle-income families include the following.

- The most recent figures on participation in all post-secondary education in Canada across family income levels are shown in Table 14. Almost half of young people from low-income families do not take any post-secondary education, while 83% of those from high-income families do. There are more than twice as many low-income youth than high-income youth.

Table 14. Post-secondary participation of young people (aged 18-24) and family income in Canada

Estimated Family Income	Estimated Total Number	% Never Taken	% Have Taken
Less than \$30,000	828,939	46.7	53.3
\$30,000 to \$54,999	748,519	42.4	57.6
\$55,000 to \$79,999	568,482	32.9	67.1
\$80,000 plus	365,139	16.6	83.4

Source: Reproduced from Rounce (2004).

- Most recent studies demonstrate that post-secondary participation among individuals from low-income families has remained at an even state or increased slightly throughout recent years, and that middle-income families may be becoming less likely to attend post-secondary institutions (Corak et al, 2003; Christofides et al, 2001).
- Inequalities in access persist: students from the highest SES quartile are more than twice as likely to go to university as their counterparts in the lowest SES quartile (Council of Ministers of Education, Canada and Statistics Canada, 2000). In spite of ongoing discussion about how to address this issue, individuals with low family or household income and whose parents have low levels of educational attainment (considered to be measures of low socio-economic status) continue to be underrepresented in Canada's post-secondary system, especially in the universities (e.g., Butlin, 1999; Looker & Lowe, 2001; Junor & Usher, 2002; Corak et al, 2003).
- The Council of Ministers of Education, Canada and Statistics Canada note that stagnant family incomes, rising economic inequality, and declining grants-based student funding are linked to the post-secondary education gap between lower, middle, and higher socio-economic status individuals. Tax cuts, concurrent with cuts to funding for post-secondary institutions throughout the 1990s, have ensured that higher SES families have proportionally more money to spend on post-secondary education for their children. Meanwhile, lower SES families continue to have less money to put toward their children's increasingly expensive post-secondary education.
- Researchers using a wide range of Canadian data have concluded that there are a variety of barriers to actually accessing and participating in post-secondary education. However, the most commonly noted reasons for potential students not continuing on with post-secondary education are financial ones, related to their SES (Junor & Usher, 2002).
- Perceptions of the costs associated with attaining a post-secondary education can be an important determinant of access to post-secondary education. In a study conducted by the Manitoba Government (2000), the top-ranked barrier to future post-secondary plans was "not having enough money"; money was the second ranked barrier in a Saskatchewan survey of grade 12 high school students (Department of Learning, 2000). Other research has demonstrated that the perceived costs associated with post-secondary education have had an impact on high school students from lower socio-economic status families (e.g., Looker & Dwyer, 1998; Lowe, Krahn, & Bowlby, 1997; Newfoundland, 1998).
- The gap between rich and poor can be closed by ensuring that there is financial support available for individuals from lower-income backgrounds who want to attend a post-secondary institution (Council of Ministers of Education, Canada & Statistics Canada, 2000). As a society, the choice we have made to perpetuate unequal access to post-secondary education means that we cannot be as successful as we have the potential to be.

With continuously rising tuition costs, a major research issue has been the effects of this trend on enrollment patterns. Canadian (Statistics Canada & CMEC, 2000) and American (Wellman, 1996) evidence indicates that individuals from low-income families are most sensitive to costs, while moderate tuition fee rises may not be barriers for students from middle- and high-income families.

Recently, Corak, Lipps, and Zhao (October 2003) found no evidence that the rising tuition costs during the 1990s led to a decline in university participation among students from lower-income families.

However, reviewing the considerable analysis of how students have responded to tuition fee increases in the U.S. (e.g., Heller, 1997; Hossler et al., 1999), Looker and Lowe (2001) conclude that generally, there is a direct relationship between price and enrollment in post-secondary education, with a tuition fee increase of \$100 producing an enrollment drop of between 0.5 and 1%, with similar effects in the other direction found for financial aid.

Further, there is a good deal of U.S. research suggesting that rising tuition costs in the absence of offsetting increases in financial aid for capable students with limited means reduce the likelihood that these students will apply for, never mind attend, a post-secondary institution (Smith and Matthews, 1991; Wellman, 1996). Costs do affect the educational decision-making process for high school students.

Tuition fees for professional programs in medicine, law, and dentistry have risen much faster than those for other university and programs (Appendix, Figure 1). Recent research in Canadian medical schools shows that students from lower-income families are seven times less likely to enter medical school than are students from the highest income families. It is likely that these results will also apply to students in other professional programs, such as dentistry and law (Dhalla, Kwong, Streiner, Baddour, Waddell, & Johnson, 2002).

Aboriginal students do not have equitable access to university

Aboriginal peoples continue to have lower rates of participation in post-secondary education than do other groups (Clift, Hawkey, & Vaughan, 1998; Cloutier, 1984; Sarker & Stallard, 1997; University of Alberta, 2000; Looker & Lowe, 2001). According to the Council of Ministers of Education, Canada and Statistics Canada (2003), participation rates among Aboriginal peoples are increasing gradually.

As shown in Appendix, Figure 2, the proportion of Canadian Aboriginal people aged 25-64 who were university graduates increased from 6% in 1996 to 8% in 2001; in comparison, 22.6% of Canadian adults were university graduates in the 2001 census. The proportion of Aboriginal people with a high school diploma increased from 21% in 1996 to 23% in 2001. The share of those with post-secondary qualifications increased from 33% to 38%. More specifically, the proportion with a trade certificate increased from 14% to 16%. Similarly, technical institute diploma holders increased their share of the working-age population from 13% to 15%.

From the 1999 survey, *High School Leavers Survey, 2000* (Saskatchewan Department of Learning, 2000), it appears that more Aboriginal high school graduates desire to pursue a post-secondary education, especially a university education. Sixty three percent of Grade 11 & 12 Aboriginal students planned to attend a post-secondary institution at some time in the future, and of these 56% planned to attend university.

In a recent study for the Canadian Millennium Scholarship Foundation, Malatest & Associates (January, 2004) reviewed the barriers to access for Aboriginal people. While socio-economic factors such as poverty and unemployment put them at an obvious disadvantage, Aboriginal students also face more subtle barriers such as discrimination and institutional insensitivity to Aboriginal cultures. Many Aboriginal students struggle to balance education with family responsibilities. At the University of Saskatchewan, more than one-half of its Aboriginal students either drop-out or fail within two years (University of Saskatchewan Council, 2002).

The federal government's Post-Secondary Student Support Program administered through Band Councils, while it has made post-secondary education possible for many Aboriginal students, it's limited amount of funding has been capped for over 15 years and grown less adequate each year, and there are serious

shortcomings in who is funded and the process used to award grants (Malatest & Associates (January, 2004).

There are a number of initiatives across the country that have had some success in making university education more accessible, relevant and responsive to Aboriginal peoples, including transition and student support programs, partnership programs with Aboriginal communities, and delivery of programs in or close to remote Aboriginal communities.

At the U of S, programs in Education (SUNTEP, NORTEP, ITEP), Nursing and Law offer specialized opportunities for Aboriginal students. Nursing students from the North, most of who are Aboriginal, have recently been provided with a training program in Prince Albert. The First Nations University of Canada, with over 1000 students, is internationally recognized as a leader in university education for Aboriginal people (Hampton, 2000).

Chapter 6

Public and Private, Costs and Benefits of University Education: What is the Right Balance?

In Canada, as in many countries, the answer to the question “who should pay for university education?” traditionally has been “the government.” But gradually, university education has come to be regarded as a shared responsibility between students and society. This notion of “cost-sharing” revolves around the argument that public funds are limited. As a result, post-secondary education increasingly must compete for scarce public resources with other important public services, such as health care, infrastructure, and primary and secondary education. As the demand for university education continues to grow, more resources will be necessary to maintain existing quality.

Some argue that students gain substantial personal benefits from higher education, and therefore fairness dictates that students (and their families) should pay a substantial part of the costs of their education.

Others, however, suggest that cost-sharing may prevent people from entering university, particularly students from disadvantaged backgrounds. They argue that the social benefits of post-secondary education justify full public subsidies.

These two differing views on who should pay for university education--students or governments-- are reflected in nations around the globe. In the majority of OECD countries, governments pay for more than 90% of the costs of university education (Appendix, Table 7). In contrast, federal and state governments in the U.S. pay for about one-third of the costs of a university education; the remaining two-thirds of costs are paid for by students/families and by private contributions (often made to prestigious private universities such as Harvard and Stanford). A few countries have followed the U.S. example (Korea and Japan). Finally, governments in Canada, the U.K. and Australia have taken a middle road; in Canada, public money pays for about 60% of the costs of universities, 40% is paid by students/families and private sector contributions.

Understanding private and public investments in university education requires a cost-benefit analysis. Table 15 provides an overview of the major costs and benefits of university education for the individual student and to society as a whole.

University education imparts substantial monetary and non-monetary benefits for both society and students. The benefits are summarized well by Vossensteyn (2003), by Bob Rae (2004) in his recent discussion paper for the current review of post-secondary funding in Ontario, and in a recent U.S. report, *Investing in America's Future* (Institute for Higher Education Policy and Scholarship America, 2004).

The economic returns for individual students

Economic analyses have provided estimates of the economic value of education for graduates, including only the monetary costs and benefits of education. These studies usually show substantial “private rates of return” for the costs of investing in higher education. For example, in his recent discussion paper, Bob Rae presents the following Table (16).

Table 15. Private and public, costs and benefits of university education

	Private	Public
Costs	<ul style="list-style-type: none"> • Tuition, fees and study materials • Forgone earnings 	<ul style="list-style-type: none"> • Operating costs of programs • Student support • Forgone national production related to students
Monetary benefits	<ul style="list-style-type: none"> • Higher productivity and thus higher net earnings • Better job opportunities • Higher savings • Personal and professional mobility 	<ul style="list-style-type: none"> • Higher national productivity • Higher tax revenues • Greater flexibility in labour force • Higher consumption • Less dependency on government
Non-monetary benefits	<ul style="list-style-type: none"> • Educational enrichment • Better labour conditions • Higher personal status • Higher job satisfaction • Better health and life expectancies • Improved spending decisions • More hobbies and value of leisure activities • Personal development 	<ul style="list-style-type: none"> • Social cohesion, appreciation of social diversity and cultural heritage • Higher social mobility • Lower crime rates • More donations and charity work • Increased capacity to adapt to new technologies • Higher social political participation

Source: Reproduced from: Vossensteyn, H. (2003). *Subsidizing students, families or graduates?* Paper presented at the CMEC-OECD-Canada Seminar on Student Financial Assistance 2003.

Table 16. Percentage by which earnings of higher education graduates exceed those of high school graduates in Ontario and Canada.

Highest level of education attained	Ontario		Canada	
	Men (%)	Women (%)	Men (%)	Women (%)
Post-secondary certificate or diploma	14.8	16.3	12.5	14.5
Undergraduate university degree	31.7	36.1	33.5	39.2
Postgraduate university degree	41.0	48.9	42.0	52.5

Source: Reproduced from: Rae, B. (October, 2004) Discussion paper, Post-Secondary Review, Ontario.

Table 16 offers what seems to be a very strong case for the private return to a student who invests in a university education: the promise of increased life-time earnings approaching 40%. The table can be misleading however. What is missing is calculating-in the costs of a university education (tuition and fees, books and materials, interest paid on loans), plus the earnings lost during the four or more years of study compared to counterparts who begin work immediately after high school. Economic research on “private rate of return” of university provides the complete picture.

An overview of the research on private economic returns of university education is provided by Emery (2004). In reviewing 21 studies published between 1968 and 2002, Emery reports that private rates of return for university education have typically been over 10%. The range, however, has been from a low of 6% to a high of 23% across studies and over the years. With significant increases in tuition fees during the 1990s, by 2000 private rates of return had fallen to about 14% in 2000, down by two percentage points from their peak average values of about 16% in 1990.

Emery (2004), like many economists, takes the position that a university degree remains a good investment:

“... while private costs have increased and reduced the private rate of return to university education, university education remains a good investment for the individual acquiring the education and there is still considerable scope for raising tuition fees. Finally, even if resources per student are squeezed further, the rate of return to university education for the individual and society will rise due to the expected contraction of the supply of highly educated workforce that will arise with the aging of Canada’s population.”

What are the economic returns for Saskatchewan students?

What is the private rate of return for Saskatchewan university graduates who remain in the province? Unfortunately, there appears to be no research that addresses the question.

There are some reasons, however, to suspect that the economic rates of return for graduates who remain in Saskatchewan may not be as great as they are in some other provinces, provinces where much of the relevant economic research has been carried out.

- Unemployment rates in Saskatchewan show that the gap between those without a high school diploma and those with a university degree is among the smallest in the country (Appendix, Figure 3).
- Average annual growth in employment in Saskatchewan from 1990 to 1998 (Appendix, Figure 4) was significantly stronger for those with at least some post-secondary education compared to high school graduates with no post-secondary education. However, the employment growth for those with university degrees was not much greater than for those with only some post-secondary education, and employment growth for university graduates in the province was well below the Canadian average.
- Data on employment rate by education in Saskatchewan shows that the gap between recent high school graduates and university graduates is also quite small: in 1998, 75% of recent high school graduates were employed, while 80% of recent university graduates were employed (Appendix, Figure 5).
- A survey of graduating university students in 2003 (Appendix, Tables 8 & 9) found that more U of S students (54%) and more U of R students (62%) who were seeking employment had not found jobs than at comparable universities in other provinces (45% and 51% respectively). Of the students that had found employment, the expected median annual income for U of R students (\$26,196) was \$4,000 less than students at comparable other universities (\$30,000), while the median annual income expected by U of S students was somewhat higher (\$32,700) than at comparable other universities (\$32,004).

Taken together, these data suggest that high paying jobs for university graduates may not be as plentiful in Saskatchewan as they are in some other provinces. This, coupled with sharply rising tuition fees, means that the private rate of economic return for university graduates here may be considerably less than has been found in research conducted primarily in Ontario, Alberta and BC.

These data also suggest something similar to what many in the province have become increasingly concerned about. Because jobs in the “new knowledge economy” do not seem to be as plentiful here as in Alberta, BC or Ontario, young people graduating from university are leaving the province.

In fact, among the graduating cohort of 2000, there was a net out-flow of Saskatchewan university graduates equal to 20% of the graduating class, the second highest in the country after Nova Scotia (Canadian Millennium Scholarship Foundation, November 8, 2004).

The case for increased public investment in university education

In making the case for increased public investment in university education, two important arguments are typically offered: the economic argument that there are “positive externalities” for society that flow from education, and the equity argument that there should be equal opportunity to pursue university education for all who are capable regardless of their socio-economic status (e.g., Institute for Higher Education Policy and Scholarship America, 2004; Oosterbeek, 1998; Vossensteyn (2003).

The public benefits of university education

As shown in Table 15, the benefits to society of university education, both monetary and non-monetary, are many and are very significant.

Monetary benefits for society include such things as higher tax revenues, lower dependency on government financial support (e.g., social assistance and other forms of financial transfers to individuals), as well as higher productivity in the new knowledge economy. There is a body of economic research that has quantified the “social rate of return” of university education for Canadian and provincial economies based on some of the monetary benefits listed in Table 15. It is substantial (e.g., Blöndal et al., 2002). The total economic returns to society have consistently been over 6% annually in Canada during the last 40 years (Emery, 2004).

For many, the case for public investment in university education rests more strongly on the non-monetary benefits to society. Most of the social benefits listed in Table 15 are, of course, difficult to quantify or to measure in terms of economic returns. Much though has been written about these benefits of higher education in democratic societies. Nations and regions that have educated more of their citizens to the level of a university degree have higher rates of participation in political and social affairs, lower crime rates, adapt better to technological innovations, and have a higher degree of social cohesion.

What price is the public willing to pay for such benefits?

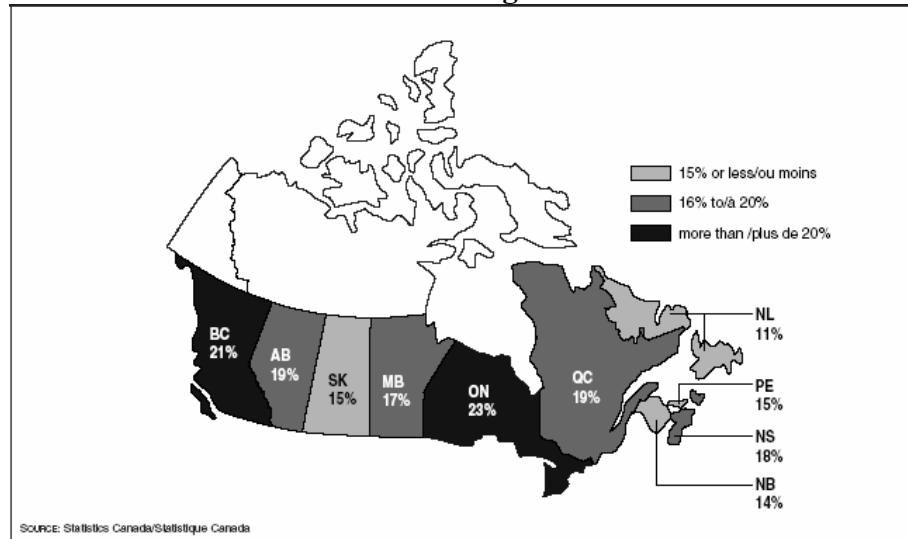
The level of educational attainment in Saskatchewan continues to lag behind the Canadian average level. As shown in Figure 11, only 15% of Saskatchewan adults has a university degree, among the lowest proportion in Canada.

In rural Saskatchewan, that is outside of Regina (Division 6) and Saskatoon (Division 11) where about 24% of adults are university graduates, the level of educational attainment is particularly low; the percent of adults with university degrees in most of rural Saskatchewan is between 10%-12% (Appendix, Table 10).

The 2002-03 university participation rate among 18- to 21-year-olds in Saskatchewan was 20.5%, and the corresponding Canadian rate was 19.7%. The provincial participation rate has increased by 0.6 percentage points in between 1990-91 and 2003-03, as compared to an increase of 3.2 percentage points in Canada (Canadian Millennium Scholarship Foundation, November 8, 2004). This increase was the lowest in Canada.

What are the costs to society of the low level of educational attainment in Saskatchewan?

Figure 11. Percent of adults with a bachelor's degree in Canada



Source: Reproduced from: Canadian Association of University Teachers Almanac of Post-Secondary Education in Canada, 2004.

The costs and benefits of university education, and what share students and government should contribute are beginning to be considered and debated. The debate is driven, in part, by the high costs of health care. The province spends over 40% of its budget on health care; spending on post-secondary education accounts for about 6% of the provincial budget.

The issue that is now taking centre stage in public policy discussions in the country is: Can we afford to continue to spend so much on health care at the cost to all other public services and programs, including post-secondary education (e.g., Janice MacKinnon, 2004; Jeffrey Simpson, 2004)?

Equal opportunity for a university education for lower-income and Aboriginal individuals

Do capable individuals with lower incomes, or capable First Nations and Métis people, have an equal opportunity to pursue a university education in the province? The answer is “no.”

The reality today is that the socio-economic background of university students has changed relatively little over the past 30 years; to the extent that there has been a democratization of post-secondary education, it has been at non-university institutions (Clift, Hawkey, & Vaughan, 1998).

In chapter 5, the evidence that lower-income individuals and First Nations and Métis people are underrepresented in Saskatchewan's universities was presented. The high cost of a university education, including tuition fees and cost of living, is the primary barrier to equality of opportunity to attend

university for lower-income and Aboriginal people in the province. Reducing the costs is the primary tool available to government and universities.

Some economists say that high costs should not be a barrier to anyone. A university degree pays off in higher life-time earnings over the long run. It is a good investment, they argue. It is unfair to subsidize students because they will all soon join the group of high-income earners.

It is not quite as simple as such economics would have it.

First, at the moment of deciding about attending university public subsidies are needed to equalize entrance opportunities for potential students from different socio-economic backgrounds. Otherwise, many students from disadvantaged backgrounds do not apply to university. There is good evidence that the *perception* of very high cost, lost earnings for four years, and the prospect of very high debt at the time high school students are considering post-secondary education is, in fact, an important deterrent for lower-income students (see Rounce, 2004).

Consider, for example, what it must be like for a poor, 18 year old, Métis female in North Battleford, told by her high school teachers that she should enroll at the U of S, then told that the costs will be about \$13,000 a year, and she will have to borrow at least \$40,000 to complete a degree program. High costs, big loans and high debt are very real barriers for her.

If she were to decide to enroll at U of S, despite financial hardships, there are a few other things she should know. First, she should know that more than half of the approximately 2000 Aboriginal students at the U of S drop-out or fail in their first year or two (U of S Council, 2002).

If she beats the odds against her and graduates with a degree, while she can expect to earn somewhat more over her life-time than her counterparts who do not pursue university education, she should know something more about what she will face (see Institute for Higher Education Policy and Scholarship America, 2004).

- Not all university graduates benefit equally. Average salaries vary considerably by gender, race, economic background, and type of degree even among individuals with equivalent educational credentials. As a woman and an Aboriginal she will likely earn significantly less than her counterparts with the same degree.
- Because she will earn less, she will struggle more with her large debt load. Compared to her sister graduates from white, middle-class backgrounds, she will probably not purchase a home or a vehicle as quickly or easily. She will probably delay having children due to excessive student debt.
- If her degree prepares her for a relatively low-paying, though important career, such as teaching, nursing, social work, public service work, or even law, she will have to resign herself to many years of struggling to pay off her large student debt. An economist would have cautioned her against such careers, advising that with her debt load she should rather pursue a career in commerce, preferably accounting, or engineering, or pursue post-graduate study in dentistry or medicine.

In order to address the financial barrier facing lower-income and First Nations and Métis people, the Province of Saskatchewan, along with other provinces except for Quebec, which has for eight consecutive years now has frozen tuition fees at the lowest in Canada, has relied largely on providing student loans.

And, if the maximum limit on loans is inadequate, as it is, then it is likely that governments will simply raise the limit in the future, leading to even higher debt loads.

The reality today is that borrowing has come to serve as the main way governments have attempted to increase access to post-secondary education for disadvantaged individuals. This has created another level to educational inequality—between those who have to borrow and those who can pay up front. Students who have to borrow in order to gain access to a university are more likely to have the same racial and economic background as high school graduates who continue to lag far behind in rates of participating in post-secondary education. And though the disadvantaged who borrow in order to complete university degrees may be somewhat better off than their counterparts who have only high school diplomas, their income will remain more similar to their high school classmates than to their white, middle-class university classmates over the span of their lives.

The shift to loan aid and non-need-based aid over the past generation has addressed some of the needs of affordability and choice for middle- and high-income students, but it has not addressed the most important and original goal of student financial aid – improving access for low-income students.

What is needed is increased government funding for non-repayable, grants and bursaries, based on need and paid up front. In order to ensure that both low-income students and society as a whole can continue to reap the benefits of higher education, a greater proportion of financial aid must be awarded on the basis of need and in the form of grants (e.g., Cliff, Hawkey, and Vaughan, 1998).

The Canadian Millennium Scholarship Foundation (CMSF), introduced in 1998, was intended to improve access for low-income students by providing just such grants. Unfortunately, the Foundation has not resulted in the intended effect. At best, some provinces have taken the federal money and used it to replace student loans with grants, but with no overall increase in the amount of money available to students. At worst, some provinces have taken the federal money and not used it for student financial aid but spent it on post-secondary institutions, or put it into general revenue to be spent on other government priorities. It is not clear what use the Province of Saskatchewan has made of the CMSF funds.

A recent evaluation of the CMSF concludes: “The direct impact of the CMSF on access therefore likely ranges from limited and indirect (where the CMSF money leads to a substitution of grants for loans) to non-existent (where it simply displaces provincial money)” (Institute of Intergovernmental Relations, Queen’s University, May 30, 2003). Such is the reality of federal-provincial wrangling today, wrangling that is not limited only to health care.

A more successful, and far richer, example of grants that have improved access to university for low-income students are the Pell grants in the U.S. While federal funding for Pell grants has eroded in recent years, President Bush campaigned on a promise to double the funding for Pell grants in the recent election there.

A Framework for Action

By way of summary, this review of the research on access to an affordable university education in Saskatchewan yields eight **key findings**.

- 1. University tuition and fees have increased beyond what is reasonable and affordable for the majority of students and their families in the province.**
- 2. The costs of living away from home to attend university are a significant barrier to access for a larger number of students and their families in Saskatchewan than in any other province, particularly lower-income families.**
- 3. The financial assistance presently available is not adequate to provide for equality in the opportunity to attend university for all capable Saskatchewan people who desire a university education.**
- 4. Too many Saskatchewan students are graduating from university with too much debt. Increasing the maximum allowable loan for students will only serve to increase debt for lower-income students.**
- 5. Increased grants and bursaries that are based on the financial needs of students are required in order to ensure equitable access to a university education in the province.**
- 6. Saskatchewan is the only province where university enrollment is declining, and the province has experienced the lowest increase in the proportion of 18- to 21 year-olds who are going to university.**
- 7. More students graduating from Saskatchewan's universities are leaving the province than in most other provinces.**
- 8. The costs and benefits of public and private investments in university education should be considered and debated by government, universities and by Saskatchewan people. The Province of Saskatchewan and the Government of Canada must be clearer and more transparent in deciding how much public money to invest in university education.**

In most provinces, governments have taken action to address the escalating costs of a university education. Some provinces have legislated tuition policies. In recent years, tuition fees have been frozen in BC, Manitoba, Ontario, Quebec, and Newfoundland and Labrador; tuition fee rebates are provided to students in Manitoba and Newfoundland and Labrador. Tuition fee increases are capped at two percentage points above the rise in inflation in Alberta, and at 2% in Arts & Science colleges in Ontario. Some provinces require that a significant portion of any increase in tuition and fees be devoted to student financial aid.

In 1999-2000, the Minister of Post-Secondary Education and Skills Training and the Minister of Education, held public consultations across the province on improving financial access to post-secondary education in Saskatchewan. "Making post-secondary education more accessible is in all our interests," said then Minister Melenchuk. "Ensuring a bright future for our young people through education and training is key to our province's future as we enter the next century."

In the 1999 election, the New Democratic Party had campaigned on a promise of fully subsidizing first year tuition fees at post-secondary institutions in the province; the Liberal Party had promised an annual rebate of \$1,000 to every post-secondary student. After public consultations, the government decided instead to introduce a tax credit of \$350, increased to \$500 this year, for graduates who remain in or move to Saskatchewan. Has this tax credit improved access to university and other post-secondary education? There is nothing to suggest that it has. Would the promise of a \$500 tax credit after she graduates make a difference for an 18 year old Métis girl from North Battleford?

The key findings of this report present a strong case, I believe, for the need for immediate action by government and universities. The following specific actions are recommended.

1. *Tuition and fees at the two universities should be immediately frozen for a two year period of time. This should be done by the two universities, or by the provincial government.*
2. *During the two year period in which tuition and fees are capped at the present amounts, government should compensate the universities for tuition fee revenue that will be lost.⁵*
3. *A full public review of university funding and student financial assistance should be undertaken by government during this two year period, similar to reviews currently underway in Ontario and Newfoundland and Labrador.*
4. *With respect to tuition and fees, the public review must consider:*
 - *Reducing tuition and fees, with compensatory operating funds provided to the universities.*
 - *A cap on annual tuition and fee increases at the increase in Consumer Price Index.*
5. *With respect to the costs of living away from home, the public review must consider non-repayable grants, based on need and distance from a university, to cover some of the costs.*
6. *The public review should reconsider the entire program of student financial assistance, particularly the need for significantly increased funding for grants and bursaries, based on need, and with the goal of increasing equitable access to a more affordable university education for lower-income students and First Nations and Métis students.*
7. *The public review should ensure that Saskatchewan people are informed about and take part in debating how much students should pay and how much government should subsidize university education.*

Is there public support for these actions? University students themselves have been requesting a freeze for several years now. This year, the student unions at the two campuses are engaged in a public campaign to reduce or freeze tuition fees. In public consultations on improving financial access to post-secondary education in 1999, a tax credit for graduates was mentioned by only 9% of the public, as shown in Table 17. Ways to directly increase financial assistance to students were suggested by most, including grants/bursaries/scholarships, and non-repayable debt reduction money, particularly for students who must live away from home. Tuition fee reduction was suggested more frequently than tax credits.

It is time to reconsider these and other options. It is past time for action to improve accessibility to an affordable university education in Saskatchewan.

⁵ The cost of compensation to the U of S and the U of R for lost tuition fees is calculated at \$4.7 million in 2005-06 and \$9.1 million in 2006-07. This is the cost to cover increased tuition/fee revenue projected for 2005-06 and 2006-07 in the budgets of each university.

Table 17. Summary of comments and suggestions from consultations with the public on improving financial access to post-secondary education in Saskatchewan, 2000

Comments & Suggestions from the Public Consultations	No.	Total No.	Percent of Total
Increase student financial assistance (loans, and non-repayable debt reduction benefits)		41	30%
-Increase financial assistance for the costs of students' living	4		
-Decrease the expected parental contribution in the current student financial assistance program thereby increasing financial assistance available to students	8		
-Increase forgiveness of student debt	6		
-Provide assistance to students in their last year of study as an incentive and to assist with accumulated debt	7		
-Reduce the interest rates charged for student loans	3		
-Increase student financial assistance for middle income families	8		
-Allow greater flexibility in loan repayment depending on the success of graduates in finding work	1		
-Increase loan maximum amounts	5		
Increase grants, bursaries, scholarships		22	16%
-Increase scholarships and grants/bursaries	11		
-Increase grants/bursary or scholarship programs for low-income families/students who are most in need of financial assistance	11		
Address the higher costs for students in rural and Northern Saskatchewan		20	15%
-Recognize higher costs for students living in the North and provide better assistance to address these costs	1		
-Increase financial assistance for the costs of students living away from home	8		
-Expand use of programs enabling students to take post-secondary education and training programs in their home communities (e.g., regional colleges, technology enhanced distance education)	11		
Reduce tuition costs		18	13%
-Provide tuition assistance (e.g., a subsidy) for students after their first year of study	3		
-Reduce tuition fees	9		
-Provide adequate funding to post-secondary institutions in order to reduce the need to keep raising tuition fees	6		
Increase tax incentives for students while they are in school		3	2%
Provide tax incentives for graduates		12	9%
-Provide tax incentives for all graduates	1		
-Provide tax incentives (e.g., a tax credit) for post-secondary graduates who stay in the province	11		
Expand student employment programs		19	14%
-Expand opportunities for students to earn wages or tuition credits through cooperative education, well-paying summer jobs, or recognition of volunteer service	14		
-Provide programs/incentives (e.g. wage subsidy) for Saskatchewan employers to hire recent graduates	5		
Total Comments		135	100%

Source: Saskatchewan Department of Learning (2000), Programs Branch, *Improving Financial Access*, Summary of public comments.

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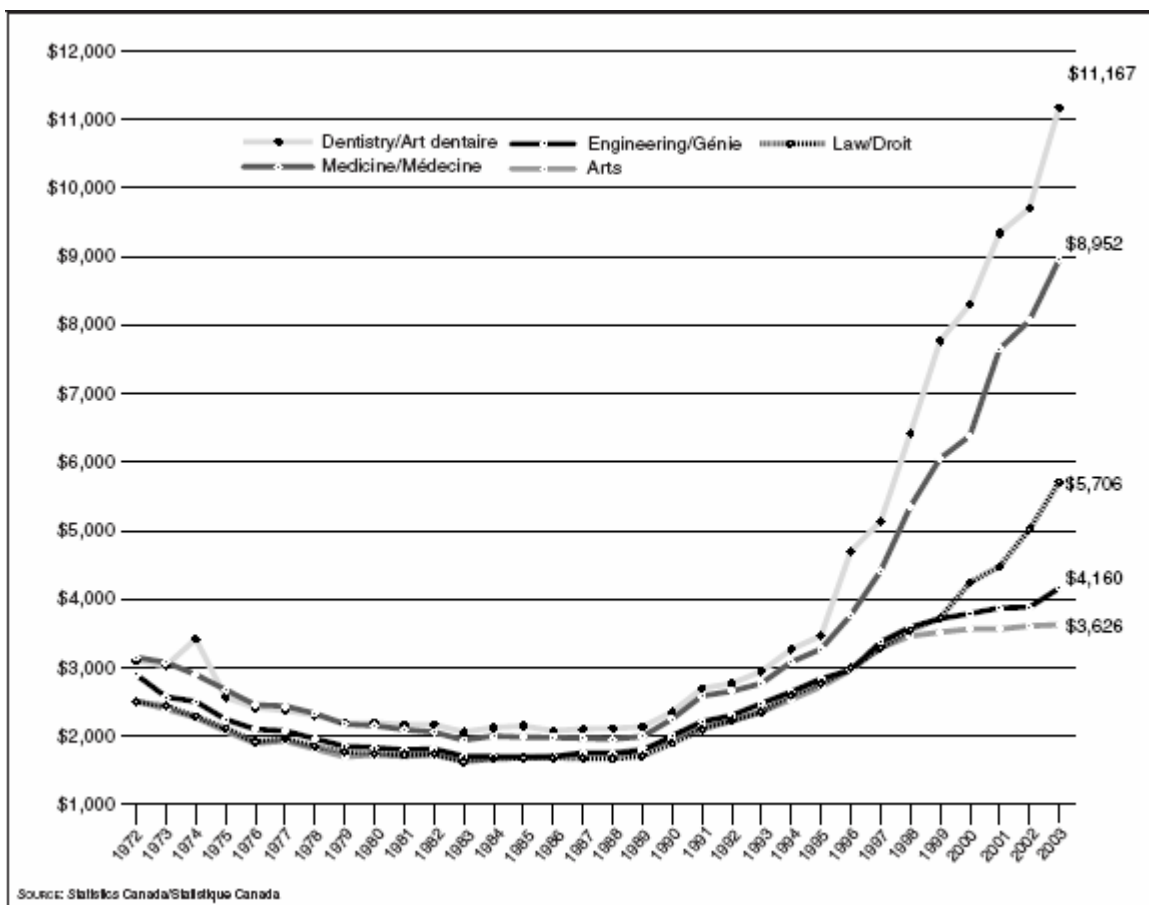
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Appendix

Additional Tables and Figures

Figure 1. Tuition fee increases in university professional programs in Canada, 1972-2003



Source: Canadian Association of University Teachers Almanac of Post-Secondary Education in Canada, 2004

Table 1. Distribution of population in Canada by distance to nearest university, 1996

Province	Sample	0 – 40 km	40 – 80 km	80 km +	Total
Newfoundland	3,588	0.429	0.147	0.425	1.000
Prince Edward Island	1,875	0.545	0.315	0.140	1.000
Nova Scotia	4,790	0.629	0.243	0.127	1.000
New Brunswick	4,535	0.588	0.210	0.202	1.000
Quebec	13,470	0.604	0.167	0.228	1.000
Ontario	20,744	0.774	0.133	0.093	1.000
Manitoba	4,858	0.654	0.095	0.251	1.000
Saskatchewan	4,729	0.408	0.072	0.519	1.000
Alberta	6,151	0.701	0.052	0.247	1.000
British Columbia	6,367	0.666	0.102	0.232	1.000
Canada	71,107	0.674	0.132	0.194	1.000

Source: Frenette (June 19, 2002). *Too Far To Go On? Distance to School and University Participation*, Statistics Canada

Table 2. Saskatchewan university students living further than 80 km from Saskatoon or Regina, 2001.

	University of Saskatchewan		University of Regina		Total	
	Number	%	Number	%	Number	%
First-time Student Enrollment	2,284	-	2,070	-	4,354	-
First-time enrollment students living within 80km of university	1,024	44.83	1,142	55.17	2,166	49.75
First-time enrollment students living more than 80km from university	1,260	55.17	928	44.83	2,188	50.25

Source: Data compiled from University of Saskatchewan, Statistics for 2001-02

Table 3. Plans for post-secondary education of Saskatchewan grade 11 and 12 students, 1999

	Rural	Urban
Attend a post-secondary institution within 12 months	6,163 (54)	4,127 (53)
Attend a post-secondary institution some time in the future	2,473 (22)	1,861 (24)
Work or seek work	1,559 (14)	833 (11)
Take some time off	401 (4)	435 (6)
Do not know	738 (7)	534 (7)
Total	11,334 (101)	7,790 (101)

Table 4. Plans for post-secondary education of Saskatchewan grade 11 and 12 students, 1999

	Rural	Urban
University	4,624 (54)	4,188 (70)
Technical Institute	2,579 (30)	1,351 (23)
Regional College	887 (10)	189 (3)
Bible College	298 (4)	168 (3)
Private Vocational School	232 (3)	99 (2)
Total	8,620 (101)	5,995 (101)

Source: Reproduced from: Saskatchewan Department of Learning, *High School Leavers Survey, 2000*

Table 5. Government student loans applicants and recipients across Canada, 2001-02

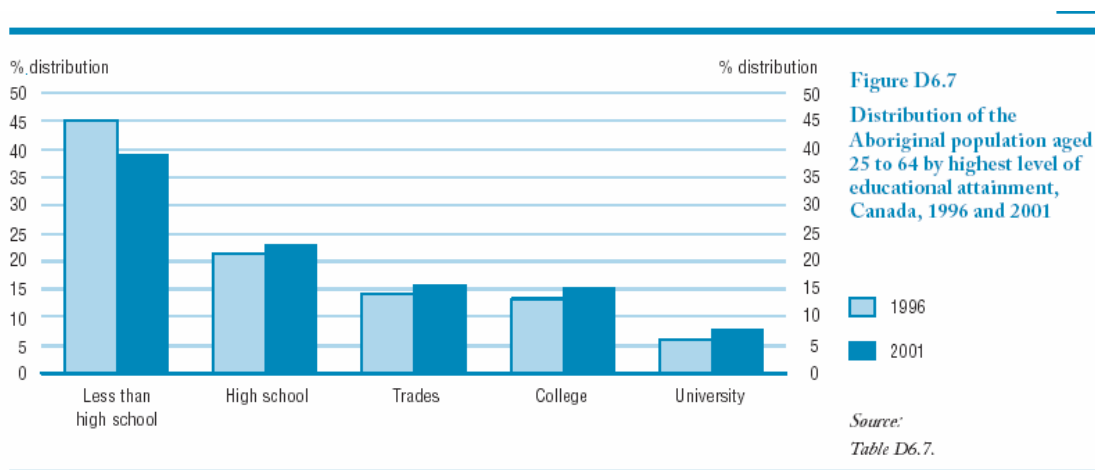
	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC	Canada
Estimated population of students aged 18-24	35,761	7,474	53,993	38,221	476,331	572,223	52,708	46,544	144,086	194,616	1,621,957
Have never applied for government student loan	28.9%	36.3%	37.1%	39.2%	58.4%	55.3%	64.2%	57.2%	58.3%	63.3%	56.0%
Have applied for government student loan	25,426	4,768	33,962	23,238	198,154	254,639	18,869	19,921	60,084	73,370	712,039
% of applicants that received government student loan	96.1%	92.9%	88.6%	92.2%	79.4%	75.3%	80.1%	79.9%	69.8%	84.5%	79.2%

Source: Canadian Association of University Teachers Almanac of Post-Secondary Education in Canada, 2004

Table 6. Average student loan in Canada by type of institution, 2001-02

Institution type	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC	Canada
University											
Number of borrowers	9,374	2,059	11,336	8,690	-	85,420	6,778	9,365	19,808	23,669	176,499
Average Canada student loan	\$13,479	\$10,953	\$12,454	\$11,918	-	\$12,246	\$8,751	\$10,899	\$9,980	\$10,110	\$11,673
College											
Number of borrowers	3,432	590	3,485	3,786	-	57,444	2,127	4,165	18,677	27,524	121,230
Average Canada student loan	\$7,999	\$6,610	\$7,765	\$7,369	-	\$7,932	\$5,853	\$7,025	\$7,732	\$8,431	\$7,906
Private											
Number of borrowers	3,147	398	2,082	3,232	-	15,392	1,955	2,828	4,809	11,760	45,603
Average Canada student loan	\$9,645	\$8,916	\$9,567	\$8,441	-	\$8,341	\$6,277	\$8,379	\$6,871	\$6,835	\$7,926
Totals											
Number of borrowers	15,953	3,047	16,903	15,708	-	158,256	10,860	16,358	43,294	62,953	343,332
Average Canada student loan	\$11,663	\$9,583	\$10,702	\$10,109	-	\$10,048	\$7,520	\$9,184	\$8,468	\$8,454	\$9,588

Source: Reproduced from: Canadian Association of University Teachers Almanac of Post-Secondary Education in Canada, 2004

Figure 2. Distribution of Aboriginal population aged 25-64 by highest level of educational attainment, Canada, 1996 and 2001.

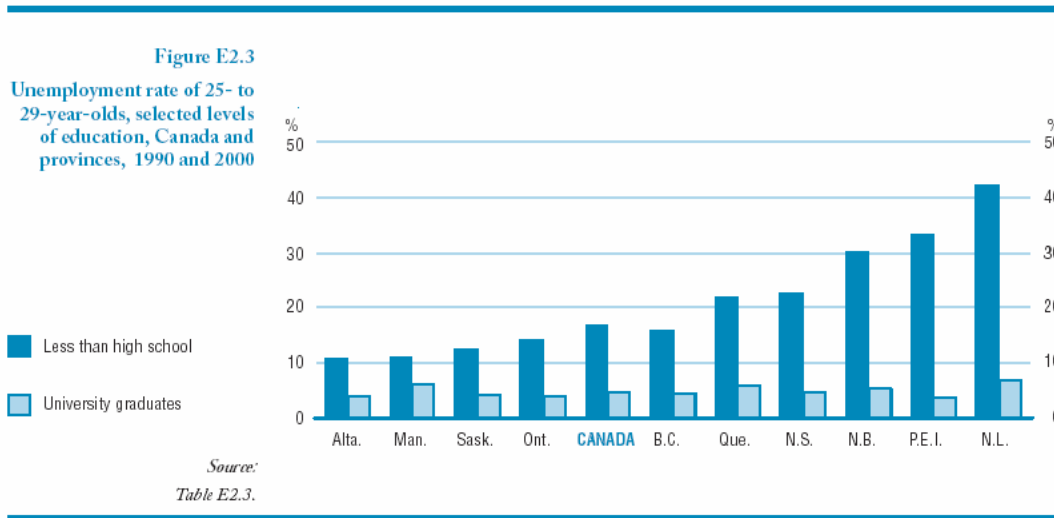
Source: Reproduced from: Council of Ministers of Education, 2003

Table 7. Proportion of public and private funding for post-secondary sector, OECD countries, 2000

OECD Countries	Public Sources	Private Sources
Canada	61.0%	39.0%
Australia	51.0%	49.0%
Austria	96.7%	3.3%
Belgium	85.2%	14.8%
Czech Republic	85.5%	14.5%
Denmark	97.6%	2.4%
Finland	97.2%	2.8%
France	85.7%	14.3%
Germany	91.8%	8.2%
Ireland	79.2%	20.8%
Italy	77.5%	22.5%
Japan	44.9%	55.1%
Korea	23.3%	76.7%
Netherlands	77.4%	22.6%
New Zealand	-	-
Norway	96.2%	3.8%
Spain	74.4%	25.6%
Sweden	88.1%	11.9%
Switzerland	-	-
UK	67.7%	32.3%
US	33.9%	66.1%

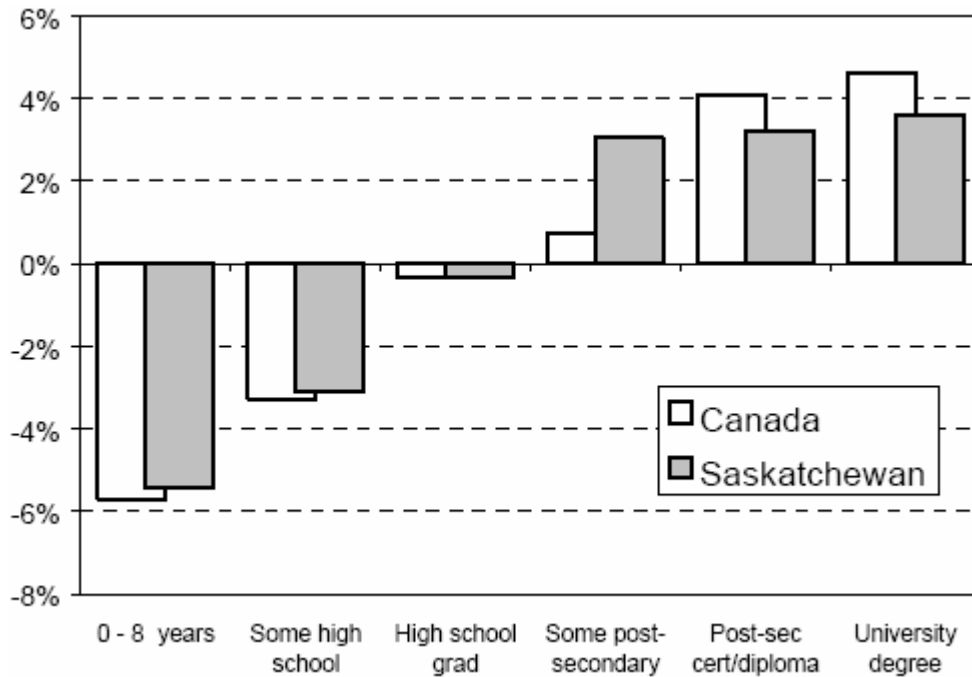
Source: Reproduced from: Canadian Association of University Teachers Almanac of Post-Secondary Education in Canada, 2004

Figure 3. Unemployment rate of 25- to 29-year-olds, selected levels of education, in Canada and provinces

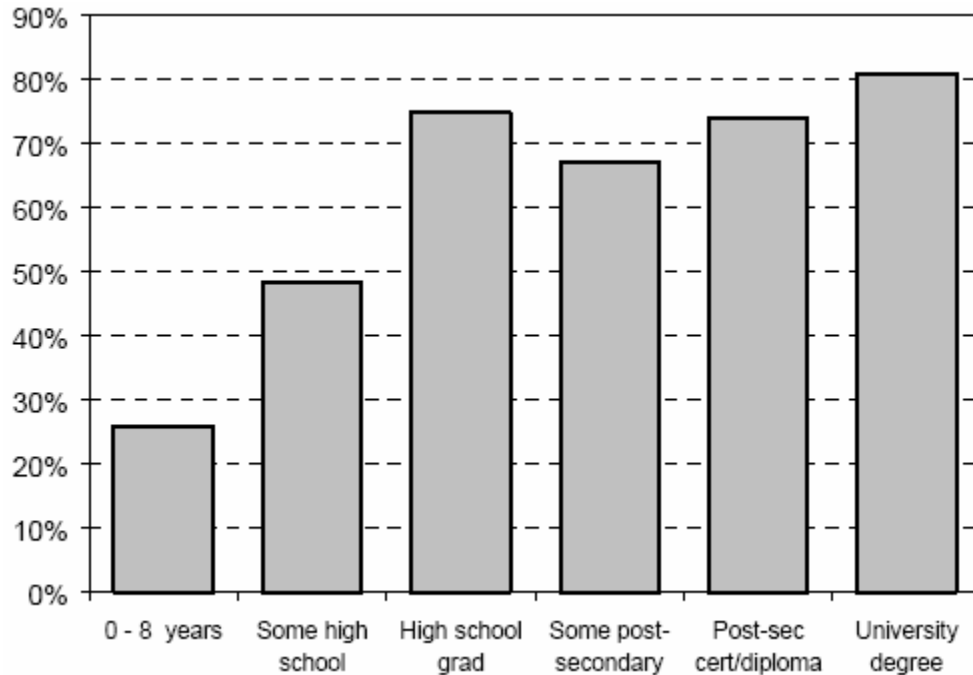


Source: Reproduced from: Council of Ministers of Education, Canada, & Statistics Canada. (2003).

Figure 4. Average annual growth in employment, Saskatchewan and Canada, 1990 to 1998



Source: Reproduced from: Elliot, D. (January, 2000). *Saskatchewan Labour Market Trends*. Report prepared for the Department of Post-Secondary Education and Skills Training.

Figure 5. Employment rate by education, Saskatchewan 1998

Source: Reproduced from: Elliot, D. (January, 2000). *Saskatchewan Labour Market Trends*. Report prepared for the Department of Post-Secondary Education and Skills Training.

Table 8. Future employment prospects of U of S and U of R graduating students, 2003

	U of S N=435 students	Comparable Large Canadian Universities N=4626 students	U of R N=515 students	Comparable Medium-size Canadian Universities N=3273 students	Sask. Average
Have a job (net)	28%	34%	23%	30%	26%
- Yes, a full-time job	19%	22%	13%	19%	16.6%
- Yes, one part-time job	4%	8%	7%	8%	5.2%
- Yes, two or more part-time jobs	3%	2%	1%	3%	2.2%
- Yes, self-employment or contract work	3%	3%	2%	3%	2.6%
No, but I am seeking work	54%	45%	62%	51%	57.2%
No, and I am not seeking work	15%	17%	11%	15%	13.4%
No response	3%	3%	4%	4%	3.4%

Note: Respondents could provide more than one answer. Columns may not sum to 100%.

Saskatchewan Average = (.6)(U of S) + (.4)(U of R).

Source: Canadian Undergraduate Survey Consortium (June 20, 2003). *Graduating Students Survey: 2003*.

Table 9. Annual anticipated earnings for U of S and U of R graduating students, 2003

	U of S N=123 students	Comparable Large Canadian Universities N=1587 students	U of R N=117 students	Comparable Medium-size Canadian Universities N=991 students	Sask. Average
\$15,000 or less	8%	12%	19%	12%	12.4%
\$15,001 to \$20,000	4%	7%	7%	7%	5.2%
\$20,001 to \$25,000	11%	10%	13%	11%	11.8%
\$25,001 to \$30,000	15%	9%	10%	9%	13%
\$30,001 to \$35,000	8%	6%	3%	4%	6%
\$35,001 to \$40,000	16%	12%	9%	12%	13.2%
\$40,001 to \$45,000	6%	6%	3%	5%	4.8%
\$45,001 to \$50,000	7%	7%	6%	7%	6.6%
\$50,001 to \$60,000	6%	6%	7%	5%	6.4%
Over \$60,000	2%	3%	2%	2%	2%
Don't know/no response	17%	22%	21%	25%	18.6%
Mean expected yearly income	\$33,094	\$32,966	\$29,259	\$31,666	\$31,560
Median yearly income	\$32,700	\$32,004	\$26,196	\$30,000	\$30,098

Note: From stated anticipated monthly earnings, we calculated anticipated yearly earnings. Respondents who had anticipated making \$10,000 or more per month were assumed to be stating yearly salary. These answers were divided by 12 to reflect monthly income. Also, respondents expecting to earn less than \$150 per month were excluded from these results. Columns may not sum to 100% due to rounding.

Saskatchewan Average = (.6)(U of S) + (.4)(U of R).

Source: Canadian Undergraduate Survey Consortium (June 20, 2003). *Graduating Students Survey: 2003*.

Table 10. Level of educational attainment for the age group 25 to 64, Percentage distribution for Canada, Saskatchewan and Saskatchewan census divisions

Name	Level of Educational Attainment					Total
	Without High School Graduation certificate	High School	Trades certificate or diploma	College	University	
Canada	22.7%	23.9%	12.9%	17.9%	22.6%	100.0%
Saskatchewan	28.3%	21.8%	16.0%	15.6%	18.3%	100.0%
Division No. 1	36.2%	21.1%	17.9%	13.2%	11.6%	100.0%
Division No. 2	32.3%	22.8%	16.8%	15.8%	12.3%	100.0%
Division No. 3	30.2%	23.0%	19.7%	14.9%	12.2%	100.0%
Division No. 4	38.9%	20.9%	15.3%	13.2%	11.5%	99.7%
Division No. 5	35.8%	21.9%	18.1%	13.0%	11.2%	100.0%
Division No. 6	22.4%	24.0%	14.1%	16.2%	23.3%	100.0%
Division No. 7	29.1%	22.5%	17.9%	16.7%	13.8%	100.0%
Division No. 8	29.4%	23.0%	16.8%	16.3%	14.6%	100.1%
Division No. 9	37.5%	21.5%	16.1%	13.5%	11.4%	100.0%
Division No. 10	37.8%	21.2%	15.5%	13.9%	11.6%	100.1%
Division No. 11	20.7%	21.7%	15.0%	17.5%	25.1%	100.0%
Division No. 12	32.9%	19.6%	18.3%	15.8%	13.4%	100.0%
Division No. 13	34.6%	21.7%	17.8%	14.5%	11.4%	100.0%
Division No. 14	37.5%	20.5%	16.0%	13.3%	12.6%	99.9%
Division No. 15	30.8%	20.3%	18.3%	15.6%	15.0%	100.0%
Division No. 16	37.0%	19.3%	16.6%	14.1%	13.0%	100.0%
Division No. 17	38.8%	18.7%	18.2%	13.5%	10.8%	100.0%
Division No. 18	43.8%	18.5%	15.7%	12.1%	10.0%	100.0%

Source: Reproduced from: Statistics Canada, 2001 census